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INTER-AMERICAN AFFAIRS

REGIS DERRAY INTERVIEWED ON REGION'S POLITICAL PROSPECTS

Bogota CROMOS in Spanish 12 Nov 79 pp 18-19

[Interview with Regis Debray by Francisco Basterra, in Havana; date not given]

[Text] It has been almost 12 years since the Bolivian Army did away with Ernesto "Che" Guevara and, almost simultaneously, with the guerrilla myth in Latin America, which has now been revived in a different guise in Nicaragua. This long period has seen quite an evolution in Regis Debray the French intellectual turned guerrilla during the 1960's, who was with the legendary "Che" in the jungle and who was on the verge of being shot by the army in Bolivia. Debray, 38, has by now taken on a more bourgeois physical air, and it could even be said that he has become "Westernized," although he admits to feeling a certain degree of nostalgia for his activist phase. He gave his assessment of this period of the armed struggle in a book entitled "The Critique of Arms." He recently published a work on intellectuals in France and is preparing a study on the mass media and political domination. A personal friend of Fidel Castro, he has just visited Nicaragua, though he now lives in Paris and travels quite often to Latin America. Debray spoke with Francisco Basterra in Havana.

Question: After having been involved in guerrilla fighting in the 1960's, what is your current political position?

Answer: That depends a lot on where I am physically. If politics is a response to time-space, then it depends on the space where I am. In Europe I am in favor of the unity of the left and a path that could be called Social Democratic, but very much in quotation marks and abstractly speaking. When I'm in a country

dominated by imperialism, I'm in favor of the more radical forms of struggle, within a framework of unity. I voiced my political position in the open letter to French Communists, and as far as Latin America is concerned, I tried to do a critical assessment in "The Critique of Arms" of my experiences in the armed struggle. I'm in Cuba now to try and understand the so-called crisis of the nonaligned movement and how the options are going to be posed at this summit conference.

Question: How do you judge the current situation in Latin America, compared to the one that you lived through at a closer range? Do you think that substantial changes are possible in the dictatorships of the Southern Cone, Chile and Argentina?

Answer: Latin America has emerged from the tunnel that it entered in 1973 with the death of Salvador Allende, and we can begin to see some light. I do not think that the dictatorships will themselves renounce their terrorist domination in the Southern Cone, but we have to bear in mind another factor, the U.S. presence in search of a peaceful model for emerging from the crisis that will respect the foundations of capitalist domination. This could trigger contradictions between the military regimes and American foreign policy. A political armed struggle is under way in Central America. Elsewhere it might be an armed political struggle in which military action is subordinated to a policy of alliances and work among the masses. I think that the prospects are good. My judgment is, after all, somewhat biased, but optimistic.

Question: Do you think that new Nicaraguas are possible?

Answer: I don't think that what happened in Nicaragua will be repeated mechanically elsewhere, but Nicaragua has given an air of youth to the 80's and reaffirmed a number of ideas that were somewhat forgotten. It not only confirms the Chilean saying that "a united people will never be defeated"; it also makes it clear, as Daniel Ortega, a member of the Nicaraguan Government Junta, says, that "an armed people will never be crushed." People have rediscovered a certain essential element in revolutionary theory: the need to replace the armed forces as the group that determines power, through the construction of other armed forces that mean something else. In this regard, I don't think that there is a substantial difference between what happened in Cuba and Nicaragua, with respect to the insurrectional process.

Bourgeois Democracy?

Question: Do you think that unity can be maintained in the Nicaraguan leadership between the Marxist and the bourgeois forces? Couldn't this circumstantial alliance break up at any time?

Answer: No, in no way. I think that the alliance between the politico-military leadership of the Sandinist Front and the other sectors represented on the Government Junta is responsible, sincere and sealed around a single program. There is a single program, national reconstruction, not two opposing ones. They are now facing eminently patriotic tasks, obviously linked with a socialist plan, but the emphasis is on the physical reconstruction of the country. I don't think that any non-contaminated citizen (as the Nicaraguans say) could object to the goals that the FSLN [Sandinist National Liberation Front] has set. One of the leaders of the front's proletarian faction told me that they were going to comply with the agreements with the democratic bourgeoisie. It is obvious, however, that as more aid is given to the reconstruction process and as the country becomes less isolated diplomatically, the more chances there will be to prolong this national and people's front. Although certain segments are becoming somewhat impatient, I have not noticed prejudice, fears or calculated moves on the part of moderates and radicals.

Question: Will a pluralist democratic system be able to make the necessary structural changes in Nicaragua, or, on the contrary, will "bourgeois" freedoms have to be done away with for this?

Answer: For the moment there is no bourgeois democracy in Nicaragua. Secondly, Nicaragua is not just any Central American country. Somoza had invented a sort of military or patrimonial state, which impaired the interests of the national bourgeoisie itself. Finally, Somoza was the finest Sandinist, the one who precipitated the grouping of all the civilian sectors around the Sandinist movement. Perhaps this is not the case in El Salvador or Guatemala, where there are stronger oligarchical blocs, but I don't see opposing interests during this stage between the private businessmen with a sense of patriotism and the masses, who are not yet organized as a party. Everything also depends on how the adversary behaves. If Nicaragua is attacked by U.S. imperialism, there will be a radicalization. Politics is a two-way game, and you don't just choose; you select in accordance with the possibilities offered you. In this regard, it depends on the international capitalist community not cutting off credit and strangling the process and on U.S. domestic political developments, but this is hard to predict, at least until after the 1980 presidential election.

Question: You know this country thoroughly. Twenty years after Fidel Castro's victory, is this the only way Cuba could be? Could or should the revolution have taken another path?

Answer: Objectively, I think not, that it could not have gone in another direction, except at an extremely high social cost, which would have meant undoing the revolution's accomplishments. I think that it took the only possible path, given the historical and geographical circumstances that surrounded the island in 1961. It's very easy to voice critical opinions from the outside without taking into account the internal logic of developments and the tremendous weight of the historical, economic and political conditions under which this people had to survive. I don't place myself on the list of European intellectuals who become judges of all processes without taking part in any.

Question: Do you think that the Cuban process, by its very nature, is at a standstill now, having reached its own limits, or can the system put out more?

Answer: I think that, in any case, the process is irreversible. This is a society that could experience internal changes, but not substantial changes, except in the case of a world thermonuclear catastrophe. We have a European view of Cuba and when we transfer the kind of society that exists here to our own countries, it bothers us. If we see today's Cuba with the eyes of yesterday's Cuba, we will understand things much better historically. I don't think that there can be a transfer of social models, as there is a transfer of technology, nor is it possible or desirable for other countries to copy the Cuban reality. Nicaragua will not be another Cuba; the world is much different from what it was 20 years ago, and so far the Nicaraguan revolution has aroused sympathy, not antipathy.

Question: Do you think that a fresh U.S. policy, with a gradual lifting of the blockade against the island, could have an effect on Cuba's domestic situation and reduce its dependence on the Soviet Union?

Answer: The lifting of the trade blockade would undoubtedly make daily life easier. Nevertheless, I think that Cuba is not now going to alter its ties with the socialist camp. It is utopian to think about the possibility of relaxing these ties. These are conscious and voluntarily established ties, and I don't think that a mere political change in the United States, within the imperialist system, could be significant enough to cause this revolution to change course.

Political Domination in Europe

Question: In Europe, the economic crisis and the insecurity that it is causing in the people are bringing about a retrenchment of the right wing, which is gaining ground on the left, especially

Social Democracy and also communism. How do you, as a French citizen, view this development?

Answer: Radical methods of struggle have not been proposed in Europe because a revolutionary situation does not exist. What is being proposed is a bid to dampen the effects of the economic crisis on a reformist basis. I don't think that it can go past this. A new form of political domination is being invented in Europe; it is both very subtle and total, not totalitarian, in its effects. This is the creation of a consensus through an informational and ideological framework, which, of course, is not created from nothing, but from an acceptance of the system. The system is upheld because it is in keeping with the interests of many social classes, even the exploited classes. Willingly or unwillingly, French workers benefit from France's imperialist domination of Africa. This led me to investigate the mass media and their role as a benign and effective method of political domination. You have McLuhan on the right and Marx on the left, and then you see whether the two can come together. I think they can.

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ARGENTINA

VIOLA EXPRESSES WILLINGNESS TO ACCEPT PRESIDENCY

Buenos Aires CLARIN in Spanish 11 Nov 79 pp 2-4

[Interview with the Commander-in-Chief of the Army, Lt Gen Roberto Viola, in Bogota by special correspondent Ramon Andino; date not given]

[Text] In an exclusive interview with CLARIN, Lt Gen Roberto Eduardo Viola has stated that if the Junta of Commanders-in-Chief offered him the presidency, he would accept the high office. He also confirmed to our special correspondent in Bogota that, on principle, he would retire from active duty at the end of the year.

Bogota (from special correspondent Ramon Andino)--The question was as follows: General, if the Junta of Commanders-in-Chief were to offer you the presidency of the Republic in 1980, would you accept?

The answer was: Yes, I would accept.

CLARIN had an exclusive interview with the Commander-in-Chief of the Army, Lt Gen Roberto Viola, who is returning to the country today after taking part in the 13th Conference of the Commanders of Latin American Armies.

The interview, held at the Military Club, went as follows:

[Question] General, you told your Latin American colleagues that your retirement from the post of Commander-in-Chief was imminent. Will this occur at the end of the year?

[Answer] Yes, on principle, I am retiring at the end of the year. I took over as Commander-in-Chief of the Army in August 1978, which was not the most fitting time. At that time, after in-depth analysis, we decided that the next change of commander should take place in 1½ or 2 years. Functional requirements made it advisable for me to retire in a year and a half; so that when I say that I am retiring at the end of the year, I am merely reaffirming a decision that was made on that occasion.

[Question] What are the main features of the political document as it has been agreed upon so far and which will be disclosed at the end of the year?

[Answer] The political document contains the basic ideas that we support from a conceptual standpoint in order to establish a harmonious, balanced and subsidiary society in which the common good will play a preponderant role. In other words, through political institutions, Argentine society can, above all, make possible comprehensive, fitting development, and not just materially, in search of the world prestige that it once had and that, due to circumstances, it lost.

In other words, the first part is conceptual, and in it we are trying to strengthen the basic principles on which society ought to be based, a modern society in keeping with the times ahead and that is Argentine in nature. The second part of the document explains all of the aspects of each one of the sectors of national life, also basically speaking. The third part involves all of the political features that will give life to the process and that will make possible its transfer over time.

[Question] General, will a commission be in charge of implementing the political document, or will this be the task of the Executive Branch? When I say commission, I am referring to an inter-branch military commission under the Junta.

[Answer] If we wait a few days, I can answer this for you, because these are the matters that have not yet been resolved. I would not want to tell you about anything that I have not yet decided together with the other commanders.

[Question] General, I do not want to ask you about anything that has not yet been resolved, but in this case I would like to find out what the Army thinks of the instrumental parts of its program. For example, will the current parties be placed in a state of assembly?

[Answer] I could answer this as follows: The parties have undergone a lengthy process of erosion, a discretely prolonged period of inactivity. We are convinced that the groups that will continue to take part in Argentine political life will have to reorganize appropriately.

The system (whether with intervention or not), the state of assembly, the extensions of mandates and other mechanisms are essentially instrumental elements. In other words, they do not get to the heart of the matter, and, moreover, they will have to adjust to the documents that the national government will unquestionably have to issue next year.

[Question] In other words, General, the instrumental part will have to gradually adapt to the realities of the moment, won't it?

[Answer] I think that this is one of the features of the process, that is to say, proceeding in accordance with reality. Like all countries in the

world, our country consists of a series of realities. It is of no use to forget these realities and think about utopian or chimerical countries. Ours is a great country, and at times I discuss or bring up alternatives with a view of Argentina as a great country in the near future, which will come about through its culture, through its fully-developed potential.

We have to develop the extraordinary capacity that Argentines have and instill in them a deep-seated determination, and then our citizens will create the country that I am talking about. The Argentine tragedy was caused by the series of frustrations that the country experienced. We are aware that we were losing ground among nations. I want to reiterate that we have the cultural, physical and ethnic potential and, above all, the national pride to become the country that we long for.

[Question] With regard to political theory, does the Army favor electoral gradualism, as was mentioned at one point?

[Answer] I think that it is not only the Army that is in favor of gradual mechanisms. But I do not want to delve too deeply into this because of the reasons that I already explained to you. In any case, all of the branches share this notion of gradualism, that is to say, gradualism until we succeed in transferring total exercise of power to civilians. I do not want to harp on this so as not to create confusion.

[Question] I was asking you, General, why at the outset or almost at the outset of the process, General Videla stated that it was going to bear offspring, and he even used the word descendants.

[Answer] I will respond in order to prevent misinterpretations resulting from a number of things that have been published and in order to clarify some things that no one could be opposed to. We feel that in order for this process to be effective, it must last not only until power is handed over but even after that. This does not mean that we have to hand over the government to people who are members of what we might call the government party. I do not have the slightest doubt that this government would have to be handed over to friends. But I am not saying this just now; I said so 2 years ago. Nevertheless, you must interpret properly what the word friend means; it does not mean arrangements or deals, pacts or frauds. No one would think of running a government for a given period of time and then handing it over to enemies. In other words, take these words in their exact meaning and in their actual scope, just as I have uttered them.

[Question] When you return, General, you will have to take care of specific military tasks, including the appointment of the Commander-in-Chief. I am not going to ask for the name of the man whom you are going to appoint, but I would like to find out whether the profile or the characteristics of the future commander that you once outlined to the ranking officers are the same, or whether there is a new profile.

[Answer] No. They are the same characteristics that were disclosed in a number of newspapers, whether I explained them or not to the officers. There are four basic characteristics: first, suitable intellectual capability to cope with the real problems that are at hand; second, solid prestige within the institution; third, suitable political ability that will enable him to perform as a member of the Military Junta in harmony with the activities of the other branches of the Armed Forces; and fourth, smooth communications with the Executive Branch that, parallel to the above, will contribute to smooth relations with the other branches of the Armed Forces, to the maintenance of interbranch cohesiveness and to institutional consistency, which is one of the most positive features of this process.

[Question] A number of union sectors have apparently not responded favorably to the reports concerning the future Trade Union Associations Act and to a number of documents that have been disseminated regarding it. Will the forthcoming law be exactly as publicized or will some adjustments be made?

[Answer] The situation was exactly as you described it when I left Buenos Aires. The law is going to be issued within a few days, and in my opinion, all of the sectors of the population, and I mean all of them, are going to have to give some ground for the common good. We sincerely believe that this is the solidarity that each one of the sectors must demonstrate. From the outset of the process the Armed Forces have looked after the interests of the whole rather than sector interests. In any case, I am sure that there will be sectors that will lodge a number of complaints and criticisms when the essential elements involved in the country's union and political life are announced. When the labor union associations or the political parties begin to adapt to all of these laws that are being and will be enacted, they will understand the real meaning of this process, and our nation's task will be much easier.

[Question] General, how do you view the outlook in 1980 in the social and economic spheres?

[Answer] In principle, my basic feeling must be firm hope, firm optimism, which is what inspires all of the components of this process. It is our hope that society will not be shaken in 1980 by economic or union developments.

Or by other developments. We feel that 1980 must be the beginning of the national consolidation that we have aimed at since the outset of this process. If we believed that what we were doing could lead to severe social tensions, if we were not certain that what we were doing was for the good of the country, we would still have the means to square things with realities. As far as the economy is concerned, 1980 is going to be an important year. We feel that we are going to reap the benefits from a series of efforts that hit hard, to a greater or lesser extent, at a number of sectors. I think that we will be able to see appreciable gains with respect to inflation or the price index, but I will again repeat that I am only talking about this time period.

[Question] Let's assume that by the end of the year the conditions are present for your retirement as Commander-in-Chief and that in October, 1980, or whenever the future junta decides, you are offered the post of President of the Republic. Would you accept?

[Answer] Pursuant to the basic guidelines of the National Reorganization Process, I think that I would have only one choice: to accept.

[Question] Are you satisfied with the results of the process so far and what do you regard as its major accomplishments?

[Answer] I could give you a very long answer, but I will try to summarize. I think that despite the intense criticism that a number of sectors might level, very important expectations have been met in our nation. We have progressed from a situation of unusual violence, as was the case in early 1976, to a situation of general order, not a fictitious order, an order of which all Argentines can be proud, with complete security for the entire population. I am satisfied for the mere reason that we have achieved military victory over the subversive elements. We should not forget that we have achieved a real and comprehensive order for the country and that we have undertaken very important material activities. It is here that we see the winning spirit of all Argentines, who are certain that they are going to be successful. I can thus assure you that I am fully satisfied.

[Question] Given the latest reports, do you consider the Merendez episode definitively concluded?

[Answer] Yes. There are no other judgmental elements to indicate that this episode is not over. I think that this episode is closed as far as the Army is concerned.

[Question] When you return, you will have many decisions to make about promotions, passes, and appointments. When will we get to know the Army of 1980?

[Answer] The Evaluation Board completes its work at the end of next week. At that point, I'm going to have to devote myself to studying the Board's conclusions. Let's say that the first few decisions will be made known around 1 December.

8743

CSO: 3010

ARGENTINA

MASSERA DISCUSSES HIS CONTACTS, OBJECTIVES ABROAD

Buenos Aires LA NACION in Spanish 11 Nov 79 p 15

[Text] (NA)--Retired Adm Emilio Massera has declared that Pope John Paul II is the "leading champion of human rights, which is why I think that what he said in the Angelus about us is fair, aside from whether we deserved it in one way or another."

Argentina has to try and improve its image, so that public remarks like the pope's are not made," Massera said in answer to a question on the pope's comments on detained and missing persons in Argentina.

The former commander of the navy and the former member of the Military Junta, who returned yesterday from Europe, said at Ezeiza Airport that the Vatican was "very well-informed about the situation in Argentina and very understanding about it as well." He then confirmed that he met with Cardinals Antonio Samore and Eduardo Pirinio, but he said that he wanted to keep his conversations with them confidential.

Purposes of the Trip

He said that his six-nation European swing was a bid "to make contact with people in government, politics, finances and the various branches of activity in each one of the countries, in order to clarify the Argentine situation and to try and enhance relations between our countries in whatever way possible."

When asked about his statements encouraging the return to Argentina of a number of exiles, the former head of the navy said that he was talking about the possibility of bringing back "all emigrants, other than the corrupt and the subversive, who have left the country for other reasons."

Clarification

"The purpose of my visit to France, where I met with Raymond Aron, for whom I have great respect, not some Peronist exile, as some news agency says, was to attend the National Assembly to clarify the Armed Forces situation in their struggle against subversion."

In answer to another question he said that Argentina's image overseas "is beginning to improve," and he regarded as necessary "a greater Argentine presence overseas so that its image is totally turned around."

In Spain he spoke with leaders of the Democratic Center Union and Felipe Gonzalez, the head of the Socialist Party there, "but, I emphasize, my task is to talk with all political sectors in order to clarify the situation in Argentina."

He then confirmed that he is scheduled to visit the interior, but he does not know, he said, what provinces or when.

The newsmen's questions then turned to the attack on Juan Alemann, the finance secretary; the former navy commander said that like the attack on the family of Guillermo Klein, the secretary of economic coordination and programming, "it is disgusting."

Massera also pointed out how little impact subversion now has in Argentina, "because, thank God, they have had relative success. I also tie this matter to the problem of the emigrants that I mentioned previously, because I am convinced that if Argentina recovered all of the emigrants who left for reasons other than corruption and subversion, subversion in Europe would be drastically curtailed in quantitative terms and clearly spotted."

To Report to Junta

Further on he said that "as usual, after my trip I am going to contact the members of the Military Junta to report to them on everything that I observed and on everything that happened during my swing and on everything that I spoke about with various people."

He said that he would be meeting with the commanders-in-chief next week.

Lastly, he was asked for his opinion of the National Reorganization Process.

"I hope," he replied, "that the members of the Military Junta clarify a bit further everything in connection with the political plan and that in this way we will be able to really begin the path towards democracy."

8743

CSO: 3010

REPORTAGE ON OIL-RELATED DEVELOPMENTS

Foreign Purchases, Sales Cited

Buenos Aires LA NACION in Spanish 28 Nov 79 p 17

[Text] An agreement was signed between Government Oil Deposits [YPF] and the Saudi Arabian state enterprise, Petromin, whereby YPF will purchase a total of 1,009,698 metric tons of oil per year for 3 years, starting in 1980. This amount represents about 20,000 barrels per day, and the price of the oil contracted for, at current OPEC rates, is \$18 per barrel. Due to be added to this crude oil purchase by our country at the international price is the one arranged with Iraq for 500,000 tons, also beginning next year. This will afford established markets for 3 years, as well as the savings accrued by purchasing from the producing countries instead of from intermediary firms.

With Brazil

Brasilia--Argentina may sell oil to Brazil over the medium term. A protocol of intention for this purpose will reportedly be signed during the visit that President Joao Baptista de Figueiredo will be paying to Buenos Aires during the first half of next year.

This prediction was made here by Brazilian diplomatic sources, who noted that Argentina "will have a small surplus for export by 1981."

The type of protocol of intention to be signed "is being studied by both countries" (according to the diplomatic sources), and it is the same one that President Jorge Rafael Videla signed a few weeks ago with Japan, during his visit to Tokyo."

It was claimed that the document would not be the most important one on the visit, but that it would be "the one most indicative of a serious intention for cooperation that currently exists between the two countries."

It was added: "Argentina produces 28 million cubic meters per year, which represents nearly all of its consumption; and the reason for its not being

self-sufficient is that it has to import light petroleum for conversion into gasoline, because it produces only heavy petroleum."

The Brazilian diplomatic source remarked that Argentina plans an increase of 17 percent in its current production between 1979 and 1981; and, therefore, within 2 years Argentina will have a small exportable surplus which will tend to increase year by year.

Loan for YPF

Buenos Aires LA NACION in Spanish 28 Nov 79 p 17

[Text] The executive branch approved a loan of \$250 million which a consortium of foreign financing entities granted to Government Oil Deposits [YPF], a state company. By virtue of Decree 2,947, the Secretariat of Finance was also authorized to provide for the guarantee related to that agreement, with backing from the General Treasury of the Nation.

The official report goes on to say: "It is also arranged that the Argentine ambassador to the government of Great Britain, and/or the consul general of our country in London, either one, without distinction, on behalf of and representing the national government, may sign the aforementioned guarantee."

It should be noted that the Citicorp International Bank, Ltd, is acting as agent for the loan in question. The funds "will be used to convert and consolidate over the long term the short-term foreign debt which (it states) Government Oil Deposits, a state company, has."

UCR Criticizes Energy Policy

Buenos Aires LA NACION in Spanish 28 Nov 79 p 13

[Text] Yesterday, through a communique, the Radical Civic Union (UCR) stated that Government Oil Deposits (YPF) is suffering from "increased indebtedness," and claimed that, "during 1978, the real revenue only covered the outlays by 40 percent." In its criticism of the government's energy policy, the UCR declared that the "risk contracts," in giving the companies an opportunity to export surplus oil once self-sufficiency has been attained, will produce big profits for their holders, and no concrete benefits for Argentina.

The UCR noted that this is happening "at the height of a worldwide energy crisis," and that the present "shortage in oil supplies does not even amount to 10 percent;" and, therefore, "one can readily observe that those contracts will make available to their holders nearly all the product extracted from them."

'Spreading Doubt'

The UCR's document also states: "During the past few years, to the accompaniment of a persistent and very expensive campaign, doubt has been spread concerning the true energy policy that befits the country." It subsequently remarks that such campaigns "are financed by the interests which have been damaged every time concrete measures have been adopted;" adding that, "Under certain governments, especially the de facto ones (it claims), they have had officials who would allow them to conclude the largest contracts and issue regulations that they described as legal, which produced effects that were at times irreparable."

YPF

It notes, in addition, that, "There has been a deterioration in the image of YPF which, in 1976, was part of the disorder and misrule that prevailed;" adding: "But the policies that have been pursued have also been intended to show the company as being incapable economically, due to lack of funds." Then it observes that only part of the funds resulting from the sale of petroleum byproducts are received by YPF, because "half of the total goes to the national treasury."

It claims: "This has caused a growing debt for YPF, to the point where, in 1978, the real revenue only covered 40 percent of the outlays. Since this debt occurred concurrently with a constant rise in fuel prices, the public which was insufficiently informed, had to believe that YPF was failing in its administration, and that therefore the government's policy of concessions to private companies was warranted."

2909

CSO: 3010

KLEIN GRANTS INTERVIEW ON VARIOUS ASPECTS OF ECONOMY

Buenos Aires LA NACION in Spanish 18 Nov 79 pp 1, 8 sec 3a

[Report on interview with Guillermo W. Klein: "Federalization of the Economy"; date and place not given]

[Text] Coming out of a chilling nightmare from which he emerged, surrounded by the warm solidarity of all Argentines of good will, recovered from the traces which it left on his body, overcoming multiple problems that beset him and his kin, Guillermo Walter Klein, psychologically boosted, returned to take charge of the Secretariat of Economic Planning and Coordination, a fundamental component of the organizational chart of the Ministry of Economy. In exclusive statements to LA NACION, the young official talked at length about a key topic: the decentralization of the economy which involves the strengthening of federalism. He also spoke about the return to private ownership of those enterprises which do not absolutely have to remain in the government sector. These are the broad outlines which constitute a summary of the thinking of Dr Klein on these controversial issues.

"Liberty for All Argentines"

"Excessive economic centralization, which prevailed, with a few exceptions, over the past 35 years, almost without our being generally aware of it, influenced the freedom of all Argentines, atrophying the sense of participation and responsibility in community life and thus making it difficult for democracy to function," said economic planning and coordination secretary Dr Guillermo Walter Klein in a conversation with LA NACION.

"It is possible that the Argentine community did not fully realize the degree to which individual decisions required government intervention in order to be valid and that, for three and a half years, the present administration has been making progress toward restoring autonomy of decision-making to private individuals and of course we must continue along that road."

"It is certainly worth listing," Dr Klein continued, "some of the cases in which government participation is no longer necessary or can be reduced."

Price Controls

"We did away with the price control system," he said, "which required intervention by business and government outfits every time private outfits

wanted to raise prices. (Just remember that applications for that sort of thing had to be accompanied by a fat accounting report, involving certified public accountants.)"

"This system was not suitable for controlling inflation and, as a matter of fact, it on the other hand had the effect of discouraging investments and was the cause of irregularities and corruption."

"The obligation, which prevailed for a long time, for the country's biggest enterprises periodically to submit their cost sheets likewise came to be meaningless," he continued.

He added that an extremely complex system of exchange control has been eliminated and that we Argentines today can purchase foreign exchange without any permits, while at the same time we have eliminated the obligation to sell foreign exchange obtained as a result of the export of services and certain goods; we have thus considerably expanded the rather narrow area which existed earlier for the sale of foreign exchange coming from exports in those cases where this obligation still exists.

The permit required both for import and export of a broad range of products has been dropped--he said--and he then noted that "a very short time ago, imports constituted a restricted activity which became the privilege of just a few" whereas today we must suppress the increase in the freedom of the Argentine consumer who can choose among domestic or foreign products.

Activities Virtually Prohibited

"The establishment of capital assets and the import of technology," he continued, "had been turned into virtually prohibited activities as a result of the bureaucratic difficulties that had to be overcome in order to get the required permits." Right now, on the other hand, he noted, the government's obligatory intervention comes only in cases specially provided for by law. In cases where this intervention still exists--he remarked--the procedure has been simplified considerably and one can now get a decision within a reasonable period of time, even when it involves importing technology.

Dr Klein hinted that the administration is working on both systems for the purpose of simplifying them and reducing government participation even more in this field which he believes should be reserved for private decision-making. "These comments," he indicated, "are also applicable to places where Argentine capital assets are established abroad."

He made it clear that, as part of this decentralization drive with regard to decision-making, one must include the spectrum of interventions which earlier were required to obtain special benefits and which today has been eliminated.

Financial Reform

As for the financial reform, he said that "this is an important example of the elimination of privileges and decision-making decentralization since the system's debtors obtain their loans under the terms of the contract and they thus directly go into debt with their bankers without having to try to get into complex regulations in order to get favorable terms. The same can be said about the partial elimination of some tax advantages, such as import licenses."

Privileges

"It is true," he added, "that there are still special systems, such as the promotion systems, but it is the administration's intention gradually to move toward automatic systems which will not require the casuistic intervention of the application authority but which will instead enable private individuals and outfits, who operate within certain general principles, to be automatically entitled to the benefits that can be granted."

He also reported that progress has been made in the gradual elimination of some special regulations "which constituted privileges for those who had obtained them as compared to the rest of the production activities" and by way of example he mentioned the transition system for the automotive industry which, upon completion, will no longer have any special treatment. "We are working," he announced, "on the elimination of other special systems and I must point out that some of them have already been totally or partially eliminated, as in the case of rubber and petrochemistry."

"Finally," he said, "we have eliminated some legal monopolies which also limited freedom of action for private individuals and outfits"; by way of example he mentioned the National Grain Board with relation to exports and the example involving foreign sales of meat, restricted to the meat-packing plant, the YPF /Government Petroleum Deposits/ with respect to the sale of gasoline to the public, and the import of capital goods, previously handled exclusively by the users.

Provincialization

Later on, Dr Klein emphasized that it is the intention of the administration to give greater autonomy to the provinces and townships and that, to do that, it is necessary to give them more financial independence. "Thus," he reported, "starting in 1976 we strengthened local taxes and at the same time the federal government stopped collecting some of the taxes which it used to get before. In this context we can observe to what degree the provinces have become independent of treasury contributions and this reflects the degree of their greater autonomy and shows how much we have advanced toward greater economic federalism."

"Thus, after provincial finances had been strengthened and restored, we were in a position to transfer services and we did that in 1978 with the primary schools and some hospitals and in 1979 with the Buenos Aires subway."

Action Planned for 1980

He hinted that, for 1980, plans call for returning all hospital assistance services to the provinces; that includes Sanitary Works of the Nation, the transmission, distribution, and small-scale electric power generation services handled by Water and Energy, as well as all of the irrigation areas handled by this latter outfit; the urban Government Gas distribution network and the Metropolitan Railroads (an enterprise which will include urban and suburban passenger rail service, to be transferred to the metropolitan government and the province of Buenos Aires).

"Provincialization," Dr Klein remarked, "assumes tremendous economic and political significance. First of all, there are some immediate priority aspects which would lead us to expect that the services rendered by local governments will be better than those that the central government could render, no matter how much goodwill there may be.

"On the other hand," he added, "we would avoid duplication of services and lack of coordination in handling investments."

Municipalization

Looking at the political aspects, he assured us that it is worth stressing that, when certain services have to be rendered by the central government, the population is having difficulties in getting to the responsible officials, no matter how well-disposed they may be; on the other hand, when this responsibility rests with the local authorities, the ability of the people to demand, to criticize, to request, and to process solutions is increased considerably.

"This is why" he said, "provincialization must in many cases be considered a step toward municipalization.

"Both the city managers and the government officials," said Dr Klein, "are in much more direct contact with the inhabitants of the jurisdictions which they govern than would be the case with the managers of government enterprises or the ministers of the executive branch."

"Getting to the Responsible Official"

"The possibility of getting to the official responsible for rendering services encourages the latter to do his best," he said then, "and if that official sees that it is impossible to find solutions to the problem, there is always the possibility that the local inhabitants might contribute the resources or their labor so as to improve or remedy the particular unsatisfactory service. In other words, through their action, they can improve the quality of services.

"From this interaction between the governed and the government as such and from greater local responsibility for local aspects may spring an attitude different from the one that has characterized us in the past and which

would lead to active participation by the inhabitants of our territory in community affairs; this consequently would constitute the germ of authentic, effective, and lasting democracy."

Return to Private Control

Another aspect taken up by Dr Klein during his conversation related to the return to private control of enterprises "something that held the attention of the administration on the very highest level."

"We have made progress both with regard to the return to private control of existing enterprises and certain activities carried out by public enterprises not directly related to the basic purpose (peripheral return to private control)." He made it clear that what has been achieved in this field is much more than is generally assumed and that one must stress that this represents a profound reversal of the tendency which prevailed from 1945 until 1975, with a few exceptions.

Functions That Cannot be Delegated

"The advisability of returning outfits to private control," he noted later on, "springs from the need for strengthening public administration with regard to the accomplishment of all those activities which fall within its area. It is a proven fact that the dispersion of resources and activities returns to the government certain funds and certain time elements so that it can concern itself with those functions which it cannot delegate and which it must perform itself. It is therefore considered a fundamental thing to take away from the government those functions which can be carried out by private outfits."

Summarizing, he said that it is the purpose of returning outfits to private control to achieve optimization in the allocation of resources between the public sector and the private sector and thus strengthen the government in terms of its specific functions.

"Among the government functions," he added, "we find the issue of general standards governing coexistence and the functioning of the country as well as assuring compliance with those standards, administering justice, handling foreign affairs, and providing for defense and security."

Shared Executive Activities

"Among the activities which the government must handle," he continued, "but which are susceptible to shared execution we might mention all those activities pertaining to the protection of health, the development of education, social security, and the rendering of essential public services.

"In general," noted Dr Klein, "the administration believes that it is up to it to restore private control whenever the product involved an investment

or an industrial product or when the service being rendered is not by its nature a public service although even in this case it is necessary to return the operation to private control if rendering the service does not require the property or management process to be handled by the government."

The Principle of Subsidiaries

He noted that we have also accepted the principle to the effect that subsidiary status excludes profitability as a criterion in determining the procedure for return to private control; in other words, the circumstance that a certain activity provides profits must not be the reason why it is kept in the government sphere.

"In line with those principles," continued Dr Klein, "and in keeping with the general principles stated in the 2 April 1976 program, the present administration has divested itself of all those enterprises which were originally private outfits and which were included in the public assets when they ran into difficulties during their development, so that, if this did not materialize, one could avoid a presumed social cost."

A Hundred Enterprises

"Some of those enterprises are big, such as the Swift Company of La Plata, La Bernalessa, Gaby Salomon, FASA /Argentine Meatpackers, Inc./, Editorial Codex, La Cantabrica, and La Emilia. By and large, after overcoming many legal and practical difficulties, we returned a hundred enterprises to private control and another 80 are in the process of being returned to private control, an operation which should be completed during the first half of next year."

"Among the latter," he noted specifically, "we include some very big ones, such as Siam, Industrias Llave, CAP /Argentine Corporation of Meat Producers/, Opolina Hurlingham, Bella Vista Sugar Company, and San Juan Sugar Refinery. On the other hand, looking at the public enterprises, we expect the total return to private control of the River Fleet."

Later on, Dr Klein pointed out that "within the context of returning outfits to private control we must mention that the National Development Bank has sold its shares in 179 enterprises and continues to speed up the process of returning private control to those enterprises where it is still a stockholder."

Railroads vs. Motor Transport

Regarding the return to private control of the peripheral activities of enterprises which are maintained in the government sector, he mentioned "only a few cases which deserve being singled out because of their significance. In the transportation field, the Argentine Railroad Enterprise has dropped uneconomical services which are paid for by the community at an exorbitant price in order to benefit just a few users. By way of compensation, motor transport, which is a private service, has increased its operations to replace rail service.

"In the area of the railroad enterprise," he added, "we have also started a process of selling or leasing special freight cars; 260 freight cars have been transferred to private operation and we have taken bids on the container service." Dr Klein also stated that "in this way we will make significant progress over the next several years; we will return workshops to private control when their merger or their definite closing may be convenient and they will then be responsible for repairing the assemblies and subassemblies of locomotives, motor coaches, freight cars, and the right-of-way maintenance operations."

YPF

"YPF has transferred to the private sector the areas of exploration and exploitation through risk contracts and in this way 20 areas covering 100,000 square kilometers have been covered by competitive bidding invitations or the bids are already being processed. We have also transferred to the private sector certain areas on the basis of an exploitation contract and we have ordered drilling operations. It is expected that the new refineries will be turned over to private operation."

"In the case of Government Gas," he concluded, "we are dealing with the most important case of return to private control and that involves the construction and operation of the West-Central gas pipeline."

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CSO: 3010

MARTINEZ DE HOZ SAYS INDEX REFLECTS CURB ON INFLATION

PY061722 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1123 GMT 6 Dec 79 PY

[Text] Buenos Aires, 6 Dec (NA)--Economy Minister Jose Alfredo Martinez de Hoz has disclosed that the November inflation index that will be released today will confirm the declining trend that inflation has experienced in the last few months. Moreover, Martinez de Hoz asserted that 1980 will begin with a markedly favorable situation to the extent that he predicted a final [price] control and a convergence of economic factors.

Speaking at a dinner held to commemorate the anniversary of the Buenos Aires stock exchange, the economy minister said: "We are aware that because of a price increase in some important products related to our exports and imports, the first 8 months of the year did not achieve the results that were expected." He explained: "Since August, however, this situation seems to have cleared up and as of September the much-sought convergence of exchange policies begins to take shape."

Martinez de Hoz said that "this situation is supported" with "the November price index that will be released tomorrow (today) which shows that the many sectors of our economy have behaved in apparently the same way, that is, we have beaten inflation back one more step."

As an example that "we will begin 1980 under a markedly different situation from that of previous years," the minister noted, "the tax policy," the first results of an open economic policy, the control of domestic monetary expansion, the trend toward balanced payments and the high level of international reserves, among other factors.

He said that growth will be maintained at a satisfactory level whenever "the private sector does not make the same errors of readjusting prices and of misunderstanding the new rules of play, as happened at the end of 1977." He said that this was in large part the cause for the decline in economic activity in 1978.

The convergence of economic sectors will result in "an overall balance of the economic system" which according to him "will gradually lead to a stable economy; that is, inflation will decrease within a framework of freedom."

Moreover, he announced that he had just signed with Interior Minister Albano Harguindeguy a "joint resolution through which as of 1 January 1980 the energy, gas and running water and irrigation services will be transferred to the provinces, and as of 1 January 1981 the metropolitan railroads will be transferred to Buenos Aires Province and the Buenos Aires municipality."

He noted: "We are convinced that in the 1980 budget we will take a great step forward since public expenses during this year will not represent an important factor promoting inflation."

CSO: 3010

ARGENTINA

DE HOZ RECENT STATEMENTS ON ECONOMIC POLICY EXAMINED

Buenos Aires LA NACION in Spanish 25 Nov 79 pp 2-3 Sec 3a

[Text] After a prolonged silence the economy minister spoke twice this week to important audiences of businessmen. He made some very significant announcements and a number of remarks that are useful in interpreting the course of various aspects of economic policy, some of which it would be a good idea to reassess.

Perhaps the announcement of the greatest immediate significance was that "there will be no drastic rates hike in January." In other words, the rates policy will be pursued under its current terms, more or less, without sudden readjustments like the ones that prompted double-digit price increases at the outset of each of the last 4 years.

Apparently, a substantial increase in rates is not necessary this time around. If we leave out the railways, the mail and a few other enterprises, the treasury's contributions to government enterprises have been insignificant so far this year, and thus we cannot say that the current rates are really subsidized. State-run enterprises have, of course, been making major use of credit, but since loans have to be paid back, there are no subsidies in this implicit cost either.

Obviously, however, the rates charged by state-run enterprises have increased less than the general price level (it is for this precise reason that the cost of credit is not a subsidy for them, although it could be for other enterprises or other activities). So, on the one hand, pursuant to a deliberate official policy, they have been a relatively moderating element in price trends, and on the other, a widening gap (widening at least until September) has been opened up between the general price level and the level of public service rates.

The question mark is whether this gap can be maintained, at least in the medium term; in other words, is it a real change in relative prices or just an economic policy argument to influence the prices of the rest of the productive structure.

In anticipating that there would be no drastic rates hike at the beginning of the new year, the minister gave a rationally correct explanation of the gap: in accordance with the studies that the government has been making public for some time now, the state-run enterprises have enhanced their efficiency, and their productivity per man has risen 36 percent, on the average, over the last 3 years. An increase of this size in manpower productivity would justify a certain cutback in rates in real terms, although this is, of course, just one of the elements that must be taken into account.

In any case, the official announcement shows that the government does not want to interrupt the perceptible moderation of inflationary pressures recorded over the last few months with sudden adjustments in a set of prices that are so innately important.

In fact, estimates for November again point to a rise of about five percent in consumer prices. Although this is a bit higher than last month's increase, it allegedly stems from a smaller drop in the price of meat, a major rise in the prices of fruits and vegetables (to a great extent seasonal) and widely varying price changes in industrial output, which, taken together, would tend to confirm that there has been a slowdown in the pace of price rises.

If these assessments are borne out and if the trend extends through next month, 1979 will close with a rise in prices of about 130 percent, the lowest figure in the last 5 years, and the last third of the year will post an annualized inflation rate in double figures.

There is still concern as to whether this slowdown in inflation can last if it continues to be based exclusively or to a very great extent on stable or falling prices for meat and beef cattle. We should point out, however, that current livestock prices would still be higher today than in July, in other words, right before the sharp August boost. There is still something left of that upswing.

Monetary Policy

If the price trend of these 3 months continues and if the exchange and tariff ceiling is effective in staving off steady increases in industrial prices, a gradual change in monetary policy could be anticipated henceforth. We have already pointed out that large money supply increases constitute one of the main stumbling blocks to a continuation of this healthy moderation in prices in recent months. As we have said, monetary policy has been permissive. It has not succeeded in blocking price rises and has, instead,

passively accommodated the combined needs of greater economic activity and a steadily rising price level and even, perhaps, encouraged the drop in interest rates..

The central idea of official policy in this regard was to prevent a recessionary backslide, in the first place because the structural change being sought requires the modernization and outfitting of our production facilities, in other words, an investment flow that could not be expected in the midst of a recession; and secondly, because with the experience of 1977 close at hand, we now realize that in an imperfectly competitive economy, recessionary trends do not prevent price increases. Under these conditions a somewhat tight monetary policy could have depressed production activities to some extent but would have hardly curbed prices.

The Economy Ministry now sees that ceiling imposed by exchange rates and the declining tariffs has brought about enhanced competitiveness, which will make it easier for a more restrictive monetary policy to have a real impact on the price level. Therefore, this would be the time to pursue an active monetary policy.

Central Bank announcements to the effect that the money supply of domestic origin would increase by 70 percent for the entire year (a rate that ought to be regarded as a limit, not a goal) would indicate a certain moderation of the trend, especially considering that for well-known seasonal reasons the last quarter is a period of sharp money supply growth. Given the almost 50 percent growth rate for the first 9 months of the year (exceeding the planned and previously announced ceiling), ending the year at 70 percent means allowing 14 percent growth over the 3 final months, in other words, 4 percentage points less than the increase posted in the third quarter. In any case, as has been pointed out before, reining in the money supply of domestic origin is only relatively important as long as there is still a limitless possibility to add on monetary resources of external origin.

State Spending Cutbacks

The central topic of the economy minister's speeches this was the cutback of public expenditures, what has been accomplished so far and the outlook for fiscal year 1980. The significant point in this regard is that next year public investment will return practically to the historical levels prior to 1976, equaling 8.5 percent of the GDP after reaching almost double that in early 1976 plans and holding at 11 to 12 percent of the GDP from 1977 to 1979, which was still almost 50 percent over the average level up to 1975. As the minister put it, in 1980 public investment will again be in keeping with the country's actual ability to pay, which is tantamount

to the real resources of the state and its agencies (taxes, tariffs, etc) plus a reasonable use of credit.

In this regard, it was a major decision to have investments by state-run enterprises financed one-fourth by their own funds, one-fourth by existing tax revenues (such as the energy or roadway funds) and the remaining half through loans. Any private firm planning a major investment generally resorts to no less a ratio of indebtedness, and projects in industrial promotion programs are often authorized with up to 70 percent credit from various sources and 30 percent of their own capital.

The treasury deficit this year will be slightly below the goal of not exceeding two percent of the GDP. The drop in the ratio between deficit and GDP is due basically to a higher than expected GDP rise. The hope is to keep it within the same limits in 1980, bearing in mind that personnel costs will have to rise because of the need to boost the real level of pay in the public sector.

The minister also announced a 10-year investment budget of \$115 billion, a far from piddling amount. If we take into account that that is approximately the estimated 1980 GDP and if we assume a yearly increase in the range of 5 percent, the GDP over the next decade will average some \$145 billion in current dollars. Thus, an annual public investment quota of \$11.5 billion would represent somewhat less than 3 percent.

This is compatible with the need to overcome the country's backwardness in economic infrastructure only if private enterprise is given an increasing role in the development of sectors that were exclusively state-run in recent decades, without any good reason, in other words, only by intensifying and speeding up the process of returning the economy to private ownership.

In this regard the minister gave two comforting examples in his addresses. One (it should be mentioned in homage to the head of Government Oil Deposits, a strong promoter of such action whose passing leaves a vacuum in the enterprise that will be very hard to fill) is the increase in private sector oil drilling. In 1976, private firms accounted for 21 percent of the drilling; this figure has now risen to 32 percent, will hit 35 percent next year and is expected to reach more than 50 percent by 1989.

The other example, cited in another major announcement by the minister, is the transfer of a \$100 million loan granted some time ago by the World Bank for the construction of silos, to private groups that are interested in taking over the investment and later utilizing the silos and elevators that are constructed.

Special Funds

As we pointed out, the public investment financing program attaches considerable importance to the special funds created for specific purposes, on the basis of real taxes on coverings (?), energy use or fuel consumption, for example. Under the above program, 25 percent of the funds for public investment will come from these sources.

The proliferation of funds that constitute veritable air-tight compartments outside budget management is one of the major ills of our administrative system, and it is contributing to poorer resource allocation. It is not a question of doing without the resources that feed these funds or of withholding the moneys needed for the purposes for which each fund has been set up. Public expenditures as a whole must, however, be systematically coordinated, and close to 70 special funds (some as sizable as the social security structure, and others almost insignificant) constitute flagrant violations of the essential principles of a proper state financing arrangement.

A good example of what has to be done is the decision (already made and pending implementation) regarding the National Housing Fund. The minister also mentioned in his speeches the equally positive development that a bill has been sent to the Executive Branch eliminating all of the special funds set up through non-tariff levies on imports (consular fees, recording fees, logging fees, iron and steel levies, etc). Although initially these charges (which together were tantamount to an additional tariff of close to 10 percent) were added to tariffs, it is the proliferation of independent funds, not the amount of the tariff, that matters. Under the bill sent to the president, these currently scattered resources will become part of the budget and will be apportioned in keeping with the overall priorities set down by the state.

Nevertheless, a major step backwards was taken in this area this week: the establishment of a new National Fishing Fund (Law 21,281) based on a 2.35 percent tax (which could, however, rise to 2.5 percent) on the initial sale of fish products. The purposes of this fund are, of course, not at all objectionable, nor is it worthwhile to discuss the size of the levy, which, moreover, replaces a pre-existing tax, but we can question the creation of a new independent fund outside the budget.

8743

CSO: 3010

KEY FIGURES PROPOSE WAYS TO TRIM PUBLIC EXPENDITURES

Buenos Aires LA NACION in Spanish 25 Nov 79 pp 1, 11 Sec 3a

[Text] One of the goals of economic science is to achieve the best possible allocation of resources. Within this context it is important to determine how much of these resources the state ought to absorb and for what purposes.

This is a priority issue in Argentina today, inasmuch as every angle of economic thought is coming up with demands, proposals and ideas on what the government should be doing to dampen inflation. But there is a common denominator to all of these approaches: excessive state involvement in economic activity is pointed to as a determining factor in the persistence of an inflationary structure. The assertion is that the stubborn budget deficit is one of the reasons for this inflationary structure and, finally, that public expenditures, which are overblown for the Argentine economy, are hampering the sought-after proper allocation of resources.

In view of the far-reaching importance of this issue, LA NACION consulted five public figures representing differing lines of thought on a very precise aspect of our current domestic economic problems. Dr Carlos S. Brignone, Alberto R. Costantini, Dr Felix G. Elizalde, Dr Aldo Ferrer and Mr Rogelio Frigerio were asked the following single question: How to trim public expenditures?

Carlos Brignone

The former president of the Central Bank, Carlos S. Brignone, replied as follows to the question: "Public expenditures are not only what the state spends directly through its many branches and activities; they also include the expenditures that the government forces citizens to make. Some examples of this, among many others, are the installation of trash compactors, lost working hours because of street closings to pay homage to people or because of waiting on lines to secure documents, and the outlays that must be made to meet fiscal demands."

"I would think that the cost to the treasury and to taxpayers of the stamp tax exceeds the amount taken in, and something similar is probably the case with the fourth category of the profits tax. One way of cutting public expenditures is to eliminate unnecessary requirements and taxes with low net yields.

"Another way to achieve the same goal is to get rid of systems of privileges, under which those who collect the funds have priority in spending them, not those who could use the money for more necessary objectives.

"The scale of expenditures should not depend on the source of the funds. The gambling tax (which is collected so wastefully through the PRODE [expansion unknown] and the government casinos) should not be spent according to a scale of values different from that of the tax on cigarettes or the value added tax on primary wants. Social security taxes ought to be able to go towards cutting the budget deficit, which causes inflation, and this is a major social security problem that the government is trying to resolve through subsidies for certain medicines."

Lastly, to summarize briefly, he added that seeing to it that the money is spent properly is more important than cutting expenditures. The government ought to spend everything that it has to, but nothing that can be avoided, without focusing on trifles such as the use of official cars or overseas travel in such a way that outlays are more than they would have been. Expenditures for hospitals are not better than expenditures for official cars if it turns out that the money spent on hospitals was wasted because of mismanagement, while official cars save other outlays.

Alberto Costantini

Alberto R. Costantini, the former minister of public works and the current president of the Argentine Engineers Center, made these remarks: "With regard to the draft federal budget for 1980, we must analyze where possible cutbacks in expenditures and investments can be made, as well as increases in revenue, if we want to reduce the deficit that is stifling the national economy."

He then gave a brief summary of the two sides of the ledger: budget outlays and revenue.

"A solution is being sought through cutbacks in investments, which for some time now have been regarded as adjustable variables in the federal budget.

"This budget policy has led to an ongoing stagnation in the provision of public services. This is the case with medical projects, grain elevators, the Buenos Aires subway, coastal or ocean transportation (including ports), land transportation, both road and railway, and the housing shortage.

"The new approach of transferring services to the provinces is a sort of budget 'technique' that will boost revenue by having the provinces 'pay' for the transferred services and cut the outlays for investments in those services.

"This approach will result in the destruction of specialized organizations such as the OSN [expansion unknown], the Directorate of Grain Elevator Construction, the Directorate of Ports and Navigable Waterways, etc.

In addition, there will be a cutback in the nation's contributions to the sustained development of our transportation or energy networks.

"To summarize, I think that we have to structure an economic and financial system that will enable us to develop our infrastructure on the basis of 'specific resources' by establishing a tax on users of the services the size of which will be a function of the use made of the services. The sole purpose of this would be to earmark the tax revenue for projects that will return the taxes to users as a benefit of the future utilization of the projects.

"This was how we developed our road system, the terminal grain silos, many of our energy projects, etc.

This procedure will prevent our infrastructure from being tied to the ups and downs of the treasury.

"With regard to returning things to private hands, I think that transportation and energy, which are the controlling factors in our economy, cannot be made private, and it is up to the state to develop them for the abovementioned purposes.

"The state ought to decide communications and basic industry policy, though they could be privately developed. On the other hand, the manufacturing industry owned by the state should be made private.

"In this way we would achieve sustained development, with a reduction of the budget and with investments that have a high rate of return on capital."

Felix Elizalde

Dr Felix Elizalde, who was president of the Central Bank in the radical administration of Dr Arturo U. Illia, said:

"Many people are confused when the GDP, which is the total of only the added values of all economic sectors, is compared with the overall expenditures of the consolidated public sector, without bearing in mind that we have to eliminate all of the duplications in it, just as in calculating the GDP.

"The outlays of the consolidated public sector in Argentina, the federal government, the provinces, the municipalities and the enterprises of the three jurisdictions (which have not been officially calculated but are estimated at the moment at 29-30 percent of the GDP, according to the best calculations), are not higher than in similar countries, like Mexico or Brazil, and are smaller than in the advanced industrialized countries, such as Germany and France, where they border on 40 percent, and much less than in Sweden, where government expenditures are around 50 percent of the GDP.

"Until 1972 public expenditures in Argentina were traditionally put at 25 percent of the GDP, but we should also realize that the drop in the GDP also triggers an increase in this percentage.

"Therefore, the real problem in Argentina is not the amount of the government's expenditures, but their efficiency or effectiveness.

"Consolidated public expenditures are divided into current outlays and investments, and the latter come to about 8.5 or 9 percent of the GDP, mostly from state-run enterprises.

"The latter figure is not valid either, because we would have to estimate how much is real investment and how much is simply financial costs occasioned by the mismanagement of public projects, either during construction or until they go on line.

"It would also be essential to analyze the level of priority that investments would have in the three jurisdictions in a consistent development program, because the government often undertakes capricious or lavish projects of very low priority.

"Salaries make up most of the current expenditures. There has not been a decrease in the number of civil servants, who are theoretically the worst paid but who are also not totally dedicated. They have not been put on a scale, rationalized, nor have they been assigned a stable technical career as in other countries. On the contrary,

they have been continuously antagonized, to the point that we can say today that with a number of patriotic and honorable exceptions, intelligence has been expelled from civil service."

"Just as anarchism battles the state as an institution, we can say that there have existed and exist today left-wing and right-wing anarchical factions that are obviously trying to discredit the state, without perhaps realizing that when they detract from the efficiency of the state, the inefficiency spreads throughout the economy.

"This lack of state productivity has caused it to overlook growing public needs in the areas of justice, education, public health and the environment, as well as basic items like fuels, electricity and basic transportation and communications services.

"This shortcoming of the state is one of the main factors causing high production costs for the private sector and leaving it unprotected vis-a-vis foreign competition."

Dr Elizalde said in conclusion that the only way to achieve real efficiency in the outlays of the overall public sector is to implement "program budgets" in the three jurisdictions. Under this system the overall expenditures for a given purpose (both current expenditures and investments) would be evaluated against the results expected of them and authorized only within the strict framework of a development plan outlined in advance by an office of the government in question.

Until this is done, we will continue to experience ups and downs, at the mercy of the whims or carelessness of whatever rulers are in power, he concluded.

Aldo Ferrer

The former economy and labor minister (1970-71) stated:

"The question of how to trim public expenditures can be answered only within the context of an overall economic strategy. Boosting or lowering public expenditures is not an end in itself. Public expenditures have a tendency to rise in every modern society, as a result of greater demands for social services, infrastructure investments and other public sector services. We should take a look at two main variables: the relative weight of public expenditures (that is to say, their relation to performance) and the efficiency of services. If we assume full employment conditions, public expenditures ought to remain at the lowest possible level that is

compatible with effectively meeting the demands that only the public sector can satisfy. The fact is, the only way to reduce the relative weight of the public sector and to enhance its efficiency is to expand the overall output and income of the economy. In this way it is possible to transfer underemployed manpower from the public sector to the private sector and, at the same time, to generate a high enough level of revenue to increase the pay and productivity of state workers."

"Under the adverse conditions that have prevailed in the Argentine economy in recent years, it is impossible to diminish the relative weight of government expenditures. In addition, efficiency has tended to decline, among other reasons, because of the fall in the real income of civil servants. Consequently, public investment is curtailed in order to cut expenditures, at the cost of the country's future development. I want to stress that only accelerated economic development will enable us to reduce the relative weight of public expenditures and enhance the efficiency of the state's services.

"Any question about public expenditures is ultimately a question about the role of the state in economic development and social change. In terms of the international experiences in which we are currently most interested, in other words, the countries that have industrialized recently (Brazil, Mexico, South Korea and the economies of southern Europe), the state has played a decisive role in promoting private enterprise, export capacity, technological change, the development of infrastructure and raising the cultural and social levels of the population. When the state renounces its basic responsibilities, economic development is inexorably frustrated. This essential public sector role implies dynamic involvement, which is the exact opposite of the paralyzing bureaucratic interventionism that Argentina has often had to put up with. It is also the opposite of the so-called subsidiary role of the state, which in practice makes it an ally of backwardness.

Rogelio Frigerio

The economic and social adviser to the president of the nation during the administration of Dr Arturo Frondizi responded in the following terms: "It is important, first, to point out what is not, in fact, a solution to the problem. Transferring services to the provinces and municipalities, with the resulting difficulties in handling them, is not the heart of the matter. Argentina has to cut overall public expenditures (central administration, decentralized agencies, enterprises provinces and municipalities), which have become so enormous that they are hamstringing the development of the economy, amounting to almost 45 percent of the gross domestic product.

"Nor is it a question of resorting to the simple expedient of trimming investment items, as is being done. A new public works program is now being announced, but the one that the economy minister announced in August 1978 is no longer being implemented, because it called for a 1979 investment rate of 10 percent of the GDP, and since the basic problem was not tackled, the rate will be cut to about 8.5 percent. There has not been an appreciable decline in spending, and its makeup has worsened, which could eventually impair major programs in the fields of energy, transportation and communications.

"The essence of the problem is to return to private hands a large number of enterprises whose presence in the state sphere cannot be justified (in some cases this can be a partial return) and to rationalize the personnel of the central administration, agencies, enterprises, provinces and municipalities. But the essence of the problem is also to place these measures within the context of an economic policy that will make them viable. If the current orientation is not changed, we can make ideal lists of firms to be returned to private hands and personnel to be rationalized, but we will never be able to implement them. There is only one way to cut public expenditures: undertake a cutback together with measures to change the productive structure and to stimulate the private sector by restoring the capital formation process that has been paralyzed today by the current policy (lack of tariff protection, artificial exchange rate, heavy tax pressures, wage freeze, etc).

"The country has already had a guiding experience in this regard: from 1958 to 1962, the number of civil servants was cut by some 250,000 persons (about 30 percent), while full employment was maintained (the public sector deficit went from 7.7 percent of the GDP to 1.7 percent, and I am referring to the entire public sector, where the imbalance is such that today it is equal to more than 10 percent of the GDP). The lesson lies in the simultaneousness with which the two facets of the problem must be tackled: the productive structure and the public sector, because the public sector is thus in a position to absorb the jobless and, at the same time, to acquire and run the state enterprises to be returned to private hands. At present, with the private sector trapped by imports and the recession, such measures are not feasible, as they would be with any variation in the programming proposed. The key is to change not only the policy for the public sector, but the entire policy."

ARGENTINA

DATA ON MONETARY CIRCULATION SHOW SOME DECREASE

Buenos Aires LA NACION in Spanish 18 Nov 79 p 3 sec 3a

/Text/ Money circulation during the second week of this month dropped 1.6 percent with an equivalent of 143,179 million pesos as a result of the following net movement, by sectors, in millions of pesos:

Sectors	Absorption	Expansion
Foreign	30.273	--
Government	68.906	--
Banking	--	21,424
Miscellaneous	44.000	--

This reduction in currency caused the balance, registered as of the 15th of this month, to turn out to be 7.689 billion pesos, as against 7.811 just a week ago, according to the weekly balance sheet of the Central Bank.

The foreign, government, and miscellaneous sectors caused the drop in money circulation, bringing about, overall, a net absorption of 143,179 million pesos. This shrinkage was attenuated by the net expansion of the banking sector with 21,424 million pesos.

Monetary Base (Millions of Pesos)

Item	7 Nov 79	15 Nov 79	Variations	
			Absolute	Relative (%)
Deposits	5,430,129	5,479,735	49,606	0.9
Currency	7,811,096	7,689,339	121,757	1.6
Monetary Base	13,241,225	13,169,074	72,151	0.5

Source: Weekly balance sheet, Central Bank.

Government Sector

The government sector shows a gross absorption of 68,906 million pesos primarily due to the reduction in the financing which the Central Bank granted to the treasury through the "temporary advances." In matter of fact, this item shrank by 61,185 million pesos, constituting 88.8 percent

of the above-mentioned shrinkage. To that we must add 7,721 million pesos in terms of an increase in this sector's "deposits." The rest of the items constituting the government sector did not reveal any variations so that the gross shrinkage was transformed into a net drop.

Foreign Sector

The foreign sector achieved a gross absorption of 33,232 million pesos which was given further impetus by a drop of 30,113 million pesos under the heading of "gold and foreign exchange," equivalent to 90.6 percent of that item. The rest of the shrinkage in this sector is due to the increase of 3,119 million pesos in obligations abroad, which come under the "payment agreements" account.

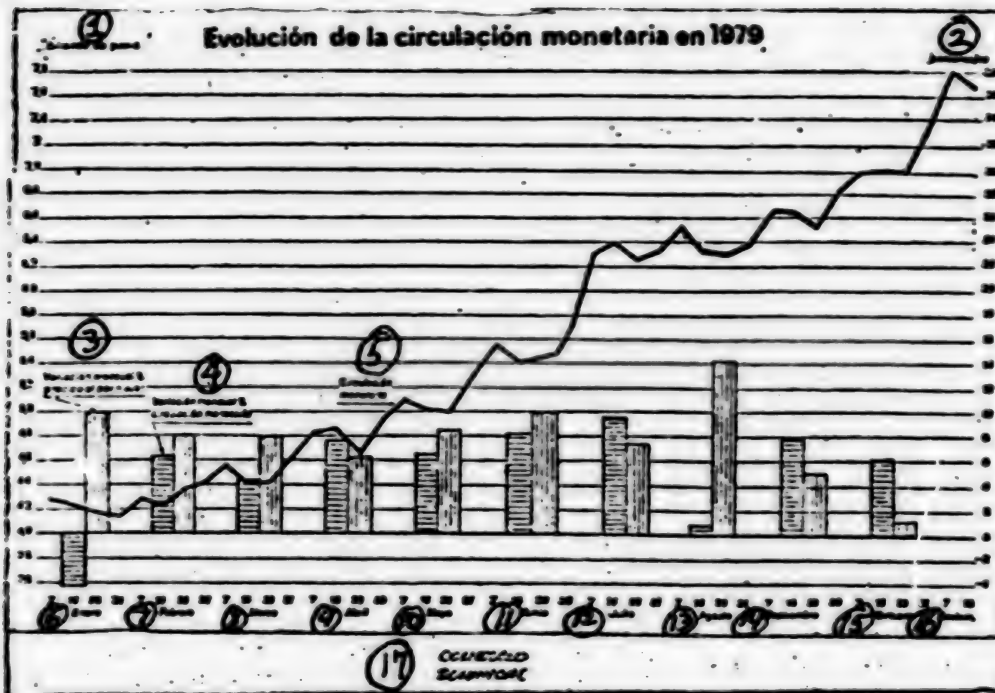
This absorption was partially compensated for by a gross expansion of 2,959 million pesos of which 2,501 million pesos are accounted for the increase in "other assets in foreign currency." Finally, 458 million pesos were paid under the heading of "other obligations in foreign currency."

Banking Sector

This sector had a gross expansion of 70,321 million pesos, reduced by 69.5 percent, for a gross absorption of 48,897 million pesos. The major portion of this expansion was due to the increase of 6,963 million pesos in the "monetary regulation account," plus 3,358 million pesos from other accounts. Absorption is due mostly to the increase of 48,636 million pesos under the heading of "deposits" which the banking institutions have with the Central Bank.

Monetary Base

The monetary base shrank 0.5 percent during the second week of the month of November, in other words, 13.169 billion pesos. The balance sheet for this monetary item as of 15 November is 13.169 billion pesos as against 13.241 billion pesos for the first week.



1979 Currency Circulation Development. Key: 1--illegible/ of pesos; 2--percentages; 3--monthly percentage variation of wholesale prices; 4--monthly percentage variation of currency circulation; 5--currency circulation; 6--January; 7--February; 8--March; 9--April; 10--May; 11--June; 12--July; 13--August; 14--September; 15--October; 16--November; 17--proprietary commerce.

5058
CSO: 3010

NEW LABOR LAW WILL NOT REDUCE ORGANIZED LABOR POWER

Buenos Aires LA PRENSA in Spanish 21 Nov 79 p 10

[Unsigned Editorial: "The Law on Professional Associations"]

[Text] It has taken the process of national reorganization over 3 and a half years to issue a new law on professional associations, set forth in a text consisting of 83 lengthy articles which comprise a kind of organizational regulation of trade union activity, to the point where it might almost be claimed to be a chapter of a code, since others have been announced, designed to implement the appendix on social rights added to Article 14 of the Constitution by the national convention which met in 1957.

There was certainly no agreement in the views expressed on different aspects at the convention, which met at the convocation of the government of the liberating revolution, 2 years after the fall of the first Peronist dictatorship. The debates became impassioned, but agreement was reached in the form of sanctions which proved beneficial for the country. One of them was the declaration of the enforcement of the National Constitution confirmed in 1953, with the reforms of 1860, 1866 and 1898, excluding those of 1949; and the other was that of incorporating the aforementioned appendix into Article 14 thereof.

Thus, the republic returned to the fruitful confines of the Constitution of 1853, and the needs of society as complex and diversified as the current one received proper attention. It is interesting to note that some who were fearful of the economic effects of including social rights in the Constitution, and particularly recognition for the right to free trade union organization and the right to strike, did not appreciate the guarantee for internal peace, public order and the rights of management and labor involved in the recognition of the latter's right to a "free, democratic trade union organization, acknowledged by a mere enrollment in a special register."

This provision eliminated trade union monopoly, totalitarian unions and subjugation of workers by corrupt leaders. Business owners were thereby freed from the unbearable pressure of those abnormal entities, and the country was also spared a warping of its institutions through this means.

The key to the totalitarian system lies in the single union, which corresponds to the single business owners' federation and the single party; all touched off by the figure of the dictator, who in Italy was named Mussolini, and in Argentina, Peron. With a single union, contributions forcefully taken from the workers and wage withholdings imposed on business owners, the foundations for the system have been laid again.

What has been described results from a combination of various articles in the law and, although it is true that, in some respects, the intervention and control of the enforcing authority is called for, this makes no substantial improvement in the situation. On the contrary, it is counterproductive, because it serves to imbue the citizenry with a deceptive equanimity, and they perhaps do not realize that, once the union monster is revived, it will be difficult to control; or, in any event, this will be achieved through an understanding reached by someone incidentally powerful, who is inclined to make an official alliance that will enable him to obtain electoral backing in exchange for trade union impunity.

The essence of the Peronist system was that alliance between the government party embodied in Peron and the union leaders who, through the single union disguised as the "most representative," could control the funds from the wage withholdings taken from millions of workers by the business owners. It is true that, at present, there is a ban on unions' intervening in politics, that the workers' right to become affiliated or not is acknowledged, and that an official agency to oversee union funds has been created. But, on the other hand, we have succumbed to the perverted institutionalization of the "most representative" union, which is the only one that can petition the authorities, invoke the union before business owners and impose contributions upon non-members; and also, through collective contracts, force business owners to withhold wage contributions and turn them over to the union. It is also true that, for the time being, the social benefits will not be administered by the unions; but we shall have to wait for the sanctioning of the regulations that have been announced to find out what will happen to them. We must not forget that the unions can, in accordance with the law that has been approved, promote and organize cooperative and mutual aid associations, and it will be impossible for them to be granted control of these funds which have been specifically denied the unions. As for the ban on professional associations of the third class, which we might say in passing has dubious constitutional validity, it has obviously been contradicted by the existence of the CUTA [Unified Leadership of Argentine Workers], formed with the consent of the authorities, which blatantly resembles the dissolved CGT [General Labor Confederation].

A suspicious observer might conclude that, in fact, what has been corrected is the distribution of trade union power between the unions and the government, so that the latter will now secure a larger portion of that power; but there has been no attempt whatever to reduce it to what it would be without the state's aid.

In the presidential speech delivered when the law was made public, it was claimed that the latter "establishes mechanisms which preserve the trade union organizations, facilitate their effective development, preclude splitting in them and prevent an excessive growth that would run counter to their functional nature and the force of social balance." This reveals a totally unwarranted fear regarding a system with genuine trade union freedom such as that established in the Constitution. That speech is based on the assumption that, if there is no single union, union activity would be split up, and hence it is permitted; and, at the same time, there is an attempt to prevent it from becoming too big, unbelievably for its own self-defense, because "its functional nature" could be upset, and also so that the "social balance" that it destroys will not become upset. It would have been better to start with the assumption that the workers, as members of that strong, pluralistic democracy that is mentioned constantly by those responsible for the process, do not need reins to take them where they do not want to go. There is no reason to think that the labor movement will be split by this; since it has not been split in any of the industrialized countries, but rather the contrary has occurred. With that criterion, it would also be necessary to impose single business owners' federations and, of course, a single political party; because, at best, the democratic parties and those which are not will be split. If one really believes in liberty, it must be proven with deeds and not words, regardless of how well intentioned they may be.

The pragmatism which has so often been proclaimed in government circles means, in essence, that there is doubt about principles. Because it must be understood for once and for all: Pragmatism, compromise and negotiation between totalitarian concepts and the principles of freedom are impossible. If one negotiates principles, or if concessions are made with them, they are abandoned.

If there is persistence in the criterion evinced by the law on professional associations, the political proposal will lack any importance, because the decision will already have been made. Once again, the road to power will go through the unions and not the parties; and it will be necessary to start again, in the fruitful realm of ideas, the struggle that never ends: the struggle for liberty.

2909

CSO: 3010

PORT DEPTH PROBLEM BECOMES CRITICAL

Buenos Aires LA NACION in Spanish 23 Nov 79 p 21

[Excerpt] Neocochea--Nearly a month before the reception of the first shipments of grain from the 1979-80 harvest the port of Quequen is in an alarming situation as a result of its serious lack of depth.

The head of the center which organized the meeting [of the Neocha and Quequen Exporters Subcenter], Jorge Elorza, explained in detail the long-standing nature and features of the problem; followed by the entity's secretary, Osvaldo Hugo Arana, who described the seriousness of the situation and the grave harm that it is causing to the regional, provincial and national economies.

In addition to stressing the fact that the lack of sufficient depth for access to the maritime station had become quite evident with the passage of time, and in view of the absence of measures to correct the situation, Elorza declared that, as of 1 October of this year, "realizing the inevitable passage of time and the proximity of the arrival of the new harvest at the Exporters Subcenter," he sent "telegrams to the Secretariat of Maritime Interests, the National Directorate of Port Construction and Navigable Routes, and the Office of the Harbormaster of the Ports of Mar del Plata and Quequen, as well as a note to the superintendent of Neocha, for the purpose of expressing the concern of the Exporters Subcenter over the insufficient depth; but, unfortunately, thus far (as of 14 November) we have not received any acknowledgment of receipt."

Depth of 22 Feet

Elorza also said: "Everyone knows that the authorities have been promising for a long time a depth of 30 feet to zero for the Atlantic coast; but, unfortunately, the facts are different; because at the present time the port of Quequen shows 23 feet, and I would not be surprised if a new survey were to indicate another downward change in that depth."

Particular emphasis was placed on the fact that, as a result of the aforementioned problem, ships have to set out from Neocha with their holds

half empty, and complete the cargo in other ports, making the freight charges higher, doubling and even tripling the expense of exporting and moving, causing lower grain prices and showing a poor image to the purchasing countries, some of which have sent representatives to ascertain the details of the problem on the spot.

The fact is that the port of Quequen has been suffering from this drawback for over 30 years and, whereas in the past the small Liberty-type freighters could enter and leave easily, the present bulk-carriers are being hampered from operating normally.

At the meeting, it was said that, "Not only is the depth inadequate in the port of Quequen, but there are also facilities which require prompt attention to their maintenance and conservation, as well as repairs to their basic structures, which have deteriorated considerably with the passage of time."

It is pertinent to mention that there is in the port at present the 255 C dredge, a very old vessel (which also has an opening in its hull), the presence of which is not helping to solve the problem.

According to the comments made at the meeting, the prospects for a period of greater movement of exports are absolutely negative.

2909

CSO: 3010

ARGENTINA

AUTOPARTS INDUSTRY TO FILL ONLY 50 PERCENT OF DOMESTIC DEMAND

Buenos Aires LA PRENSA in Spanish 25 Nov 79 p 7

[Text] Cordoba--Leaders of the Coordinating Council of the Autoparts Industry have asserted that "owing to imports, our country's autoparts industry will no longer supply 50 percent of the needs of final assembly plants, and the real impact of this system will be felt around the end of 1980 and the beginning of 1981."

The head of the council, Roberto Avalor, other council members and leaders of the Cordoba metallurgical industry reported at a press conference on the Second National Meeting of the Autoparts Industry, which will be held in this capital on the 29th and 30th of this month.

The meeting will focus on major aspects of the situation in the sector, with the goal of "proposing measures to temper the unfavorable effects of the automobile imports system on the future activities of the domestic auto industry." It will also take up "the impact of the current economic policy from the standpoint of the autoparts sector."

The leaders pointed out that "efforts must be made to prevent the ultimate destruction of the domestic autoparts industry." They said that the country is beginning to see the consequences of the system that has been imposed and they estimated that because of imports, the autoparts industry would no longer be able to supply 50 percent of final assembly plant needs, adding that the real impact of the system would be felt towards the end of 1980 and the beginning of 1981.

They mentioned that the Argentine autoparts industry comprises about 2,000 establishments and provides jobs for some 20,000 persons.

The agenda for the nationwide meeting on the 29th and 30th includes the new automobile industry arrangement, current economic policy and the relation of the two to the autoparts industry.

TRACTOR INDUSTRY REACHES RECORD LEVELS

Buenos Aires LA NACION in Spanish 22 Nov 79 p 15

[Text] The production in the tractor industry reached a record 1,149 units during the past 2 years, indicating a 15.4 percent increase over the figure for the previous September, when 996 units were manufactured. And this number exceeds by 4.0 percent the 1,105 units for last June, which was the highest number thus far this year as of that time.

The production rate has shown a recovery during recent months, with numbers 468.8 percent higher than the 202 units produced in October of last year. However, it should be pointed out that the production rate is still 55.7 percent under the figure of 2,591 tractors which left the production line during the same month in 1977.

The production attained during the first 10 months of this year was 8,942 units, thus making a 39.5 percent increase over the 4,878 units last year; but it is still 60.5 percent under the 22,735 for the same period 2 years ago.

The total tractor sales made this October amounted to 1,652 units, showing a 119.7 percent increase over the 752 for last September. It should be borne in mind that the sales to the foreign market gave an impetus to the increase that was achieved. In fact, during October, 924 tractors were exported, as compared with 214 for the previous month. The sales on the domestic market, in turn, totaled 728 units, as compared with 538 for last September. The increase in exports was 331.8 percent, and the sales on local markets increased by 35.3 percent.

The sales made during the first 10 months of 1979 totaled 8,492 tractors, which is 5.5 percent more than the 8,047 for the same period last year. Domestic sales totaled 6,042 units, showing an 11.7 percent rise; while exports, totaling 2,450 units, indicate a 7.1 percent reduction in comparison with a year ago.

2909

CSO: 3010

ARGENTINA

PRIMATESTA REPORTS ON VATICAN VISIT

Buenos Aires LA OPINION in Spanish 13 Nov 79 p 13

[Text] The president of the Argentine Episcopal Conference, Cardinal Raul Primatesta, declared on returning from the Vatican that we Argentines ought to "acknowledge, as the government has, the things that might have happened" in the area of human rights, and he asserted that the Supreme Pontiff's remarks on the issue were "incompletely reported."

In statements made at Ezeiza Airport shortly after arriving from the Vatican, he denied that he had carried an invitation from the Argentine Government for Pope John Paul II to visit here next year.

He pointed out that "there were no new developments" in the pope's mediation efforts in connection with the southern border dispute and that "work is still going on."

He also reported that he had spoken with Cardinal Antonio Samore about the progress of these efforts.

With regard to the pope's view on detained and missing persons in several countries, including Argentina, he stated that he was still in Buenos Aires when the pope's remarks were made known through press dispatches.

He conceded that he had "perhaps fallen into the same trap that everyone, perhaps, fell into," in referring to the pope's well-known statements on the human rights situation in Argentina and Chile, but he asserted that it was all because the initial news reports on his speech were "very incomplete and fragmentary, with the fragments tied together out of context" and inaccurately.

"I think," he said, "that the Episcopal Conference subsequently published in its entirety the exact text of the pontiff's speech, which, although it referred to the respect that is due human rights here and everywhere else, was much more open to all in regard to the situation in Argentina and elsewhere in the world."

He then stated that "we ought to acknowledge, as the government has, the things that might have happened and that unfortunately fall within a set of circumstances that cannot be easily attributed to anyone."

He asserted that "the misfortune that befell our country ought to be a lesson for us" and he stressed that the pope wants us "to look forward. It's not that the pope is less fond of Argentina; it's just that, as he has repeatedly shown, he loves our country and wants it to be an example for the rest of the world."

When asked about the possibility that the Argentine Church will help to resolve the Vatican's financial problem, he explained that it does not have "major finances" and thus losses "are feasible."

He concluded by pointing out that "what the pope wants is for the world to know the facts, for things to be seen and for the faithful to cooperate, as is being done here through the San Pedro donations."

8743

CSO: 3010

GOVERNOR ANNOUNCES NEW TOWN FOR MISIONES

Buenos Aires CLARIN in Spanish 21 Nov 79 p 36

[Text] Posadas--We have always believed that founding a town was something like initiating history: dubbing the foundational cross with a sword, keeping the document in gothic script in a coffer and making the settlement a landmark, and the starting point for progressive frontier province governors. The years show that the founders become known, and the schoolchildren learn their names; and perhaps there is a bronze statute or an oil painting attesting to the original memory.

It was this figurative image which we took with us on the interview with the governor of Misiones, Ship Capt Ruben Norberto Paccagnini, who was preparing to found and populate the communal land known as Almirante Brown, located between the Yacutinga and San Antonio water-courses, 12 kilometers from Route 101, and other similar sections of the colonized area of Andresito, in the northeastern part of the province, in the department of General Belgrano.

For the time being, there will be 62 masonry dwellings, to be occupied by those awarded the government plots, 10 kilometers from the new settlement. The latter will also have a church, a sanitation unit, a bus terminal a cafe, a telephone booth, mail service, a police force, a park and even a bathing area. A nautical tower donated by the National Navy is closely associated with the name of Almirante Brown, while provision has also been made for a drinking water system and, of course, electrical service.

The woods have been cleared with labor, to level the land and measure it. Governor Paccagnini wants the new settlement "to be established on the basis of a stringent selection of applicants," and to be homogeneous, and capable of being integrated and undertaking the venture of growing in unity.

He says: "If things continue at their present pace, this town of Almirante Brown will be opened early in April." There is an irrevocable determination to accompany the policy of advancing toward the frontiers with actual deeds; and the local government entities are trying with all the means at their command to make maximum use of the resources which, of course, are not over-abundant.

The governor is aware of the fact that such public endeavors are not sufficient for the size of the problem. He says: "What is needed here is a 'small World Cup,' an effort on the part of the country to keep the frontier alive;" while concluding that the hydroelectric dams, the Encarnacion-Posadas bridge and other projects will cause people to move to those areas of development which have ceased to afford opportunities, and have turned into short-term destinations.

Considerable progress may be noted from the analysis of what is being accomplished. For example, Bernardo de Irigoyen now has a modern bus terminal and a school, and the work on the drinking water supply is well under way. There is long-distance dialing service with Buenos Aires, and customs has finally arranged to replace its old wooden station with one built on forms.

The Misiones Province Bank has also planned the construction of a branch, and, at the request of the province, the Federal Investment Council is studying a plan for an industrial park.

The position of superintendent of Bernardo de Irigoyen is occupied by a multifaceted, busy journalist, Edgardo Sar, head of LT-46, a low-powered radio broadcasting station which is soon to be provided with new equipment. The communal jurisdiction consists of an area of 1,492 square kilometers, and it is rather difficult to maintain the local roads. There is a shortage of road machinery and other items. However, no one complains, and everyone is cooperating, and evincing new hopes. A provincial entity even has air service under development.

However, everyone realizes that Bernardo de Irigoyen, like other towns on the Brazilian border, has but little commercial activity, as a result of the relative advantage involved in purchasing from the neighboring country. Something must be done about this, and soon.

2909

CSO: 3010

ARGENTINA

SUCCESS OF PUCARA DESIGN DEMONSTRATES INDUSTRY'S POTENTIAL

Buenos Aires LA OPINION in Spanish 13 Nov 79 p 10

[Text] The Pucara, Argentina's offensive observation and fire support plane flown by its Air Force units, has completed 10,000 hours of flying time and demonstrated its excellent capabilities. Designed and built in the Cordoba Material Area, it reveals the degree of maturity of the national aeronautical industry.

The multiple-use attack aircraft Pucara IA-58 was designed and built in accordance with the design and operational specifications stipulated by the Air Force Chief Command and submitted officially to the Cordoba Material Area in January 1968.

The initial design, based on these specifications, was begun in February 1968 and completed in mid-March after just 40 days of work. Both the design and the construction of this aircraft meet the MIL [expansion unknown] standards and specifications that apply to it.

During the first stage a wooden glider version was built to full scale, and tests were run to evaluate flight characteristics at low velocities starting in late July 1968.

After this phase, construction of the first prototype began in September 1968, and it made its first flight on 16 August 1969, just 11 months later. A U.S.-made turboprop engine was tested on this first aircraft.

The third stage was the construction of a second prototype, which began in August 1969 and was completed 14 months later. The French-made engine was tested in this second aircraft and was ultimately selected for the mass production version. The aircraft under mass production, which has already begun, will incorporate all of the modifications and alterations that assessments of the two prototypes indicated as advisable. This information was disclosed when Commodore Hector Eduardo Ruiz, the aeronautical engineer who directed the project, presented the plane in March 1974.

The IA-58 is dual turboprop metal monoplane with a low cantilevered wing, a T-shaped tailfin and a three-part retractable landing gear. It was built with aluminum and steel alloy materials according to MIL HDBK [expansion unknown] specifications, except for the control surfaces, which have a glass wool coating to reduce weight and facilitate balancing maneuvers.

It is a multi-purpose attack aircraft whose primary mission is offensive reconnaissance and fire support in the tactical field, which makes it particularly suited to effective operations against insurgencies and to offensive reconnaissance at sea. It carries a crew of pilot and copilot in tandem ejection seats whose height can be regulated, in a cockpit that provides excellent visibility for both because of the special design of the aircraft nose, the 100 percent plexiglass outer hatchcover and the placement of the copilot's seat 30 centimeters above the pilot's.

The nose cone section houses the front landing gear and the meteorological and navigation radar equipment (the latter is optional). Access to the equipment is gained through an opening in the nose cone. This section is separated by the front bulkhead from the command module, on which all of the instruments and equipment for flight control, navigation and aircraft systems have been suitably arranged.

All of these components are arranged as in modern fighter planes today, and it is of particular note that the controls for the technical and electronic equipment have been located on the lateral panels of the cockpit on both sides of the seat.

As far as the aircraft controls are concerned, they are operated by a lever with a special adjustable fighter plane handle and pedals, with front wheel guide coupling, as required, and which activate the braking system on the wheel that the pilot chooses. The cockpit roof is opened and closed electronically from both inside and outside, and there is a provision for manual operation in an emergency. When the seats are ejected, the roof is pierced by two spikes arranged on the seats for that purpose.

A cargo compartment of approximately 1 cubic meter, with a reinforced roof over the wing structure, has been placed in the central fuselage for carrying equipment, fuel, lubricants, tools and miscellaneous items, as well as for evacuating personnel. The electronic equipment has been placed immediately behind the cargo compartment, with easy access to them through a opening in the lower section of the fuselage. In order to make the aircraft useful for operations on rough terrain or emergency landing strips, a sturdy landing gear (retractable) has been installed that provides 60 centimeters of clearance for the propeller.

The weaponry, which is highly versatile in accordance with the kind of operation being performed, is located along the sides of the main fuselage (cannons and machine guns), under the fuselage and at the juncture of the outside wing with the central wing (bombs and missiles).

In addition, the aircraft can operate in zones with temperatures ranging from -30C to 55C in any weather conditions and even at night. The plane's construction features are rounded out by shielding that can protect the crew from land-based 7.62 mm weapons at a distance of 500 feet. Structurally, the fuselage of the IA-58 is a three-element metal monocoque consisting of a forward fuselage, a rear fuselage and a tail section. The first two are permanently joined after manufacture, while the tail section is attached to them by a removable joint.

The completely retractable, removable three-part landing gear is suited to superficially packed terrain. Both the main and front landing gear are the semi-cantilever variety, constructed of soldered steel-chromium-molybdenum. A maintenance-free Ringfeder elastic ring shock absorber is used in both cases.

To the aforementioned capabilities and specifications we should add, in conclusion, that the aircraft has been designed with special attention to the ease and economy of upkeep, in order to assure low operating costs. This is clearly demonstrated by the sufficient number of doors and access areas, which facilitate inspection work, and a suitable lubrication schedule with just two types of commonly used greases. We can thus see that this aircraft fully meets its design requirements.

A Multi-Purpose Attack Aircraft for Reconnaissance and Support

Performance Specifications (at maximum takeoff weight of 6,200 kilograms)

Maximum speed in level flight at 3,000 meters: 520 km/hr
Maximum diving speed: 750 km/hr
Maximum cruising speed: 485 km/hr
Stalling speed, without flaps and landing gear up: 160 km/hr
Climb rate at sea level: 18 meters a second
Ceiling with one engine: 6,000 meters
Takeoff run: 300 meters
Takeoff distance with 15 meter obstacle: 420 meters
Landing roll: 150 meters
Landing roll from a 15 meter obstacle: 230 meters
Range at 3,000 meters at Ferry version economic cruising speed: 3,400 kms
Range at 3,000 meters at normal cruising speed: 1,400 kms

Minimum turning radius with flaps at 30 degrees (PMC [expansion unknown]): 151 meters

Note: the landing roll can be reduced, depending on what technique is used.

Weights

Empty weight: 3,985 kg

Payload: 2,640 kg

Maximum takeoff weight: 6,625 kg

Maximum landing weight: 5,800 kg

Wing loading: 155 kg/sq cm

Weight/power ratio: 3.2 kg/HP

Dimensions

Wing span: 14.5 meters

Length: 14.255 meters

Maximum height: 5.36 meters

Engines: the aircraft is equipped with two Astazou XVI-G turboprop engines putting out 1021 ESHP with the shaft at 43,000 rpm, with a reduction of 1/21,827, which gives a rate of 1970 rpm. Each engine has been outfitted with a 8.5-foot diameter, three-bladed Hamilton Standard 23 LF propeller.



Assembly work is performed in a new hangar

ARGENTINA

BRIEFS

COMMUNIQUE ON CONTROL OPERATIONS--Cordoba, 7 Dec (NA)--The commander of III Corps reported today that control operations are being carried out in different places in this capital in order to detect the possible presence of the subversive elements. The communique reads: "Paratroopers of the 4th Infantry Brigade are carrying out control operations in the city of Cordoba to detect terrorist groups." It also notes "the cooperation shown by the population." It also reminds the public of "the necessity to carry personal identification cards as well as those for vehicles to avoid any identification inconveniences." It concludes that this type of operation is carried out without prior notice "to prevent any action that could be carried out by terrorist groups, The III Corps commander will insure that the inhabitants of the province of Cordoba can live and work with order and in peace. [Text] [PY071751 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1358 GMT 7 Dec 79 PY]

AGREEMENT WITH AUSTRIA--The Foreign ministry reported today that the under-secretary for international economic relations, Air Force Col Raul Cura, signed an industrial-economic agreement with Austria in Vienna. The parties agreed to develop economic and industrial cooperation, especially in mining, oil production, the chemical and petrochemical industries, pharmaceuticals, steel, nonferrous metallurgy and electricity, and electronics. Cooperation will also be promoted in the naval and harbor construction, railroad, livestock, forestry, and tourism sectors. [Buenos Aires NOTICIAS ARGENTINAS in Spanish 0045 GMT 8 Dec 79 PY]

VIDELA HAILS CONGRESS--Buenos Aires, 7 Dec (TELAM)--The Argentine president, Lt Gen Jorge Rafael Videla, tonight sent a message to the chairman of the Legislators' Association on the occasion of the Day of the Legislator, which is being commemorated with a dinner at the Argentine Touring and Automobile Club. The message sent to Vicente Mastolorenzo states: Dear sir: I was truly pleased to receive your invitation to attend the dinner with which the association you head plans to commemorate the Day of the Legislator. Although prior engagements preclude my attending such a significant event, I would like to reaffirm once again my deepest convictions with regard to the essential role of congress in the democratic life

of the nation. I visualize the dynamic resurgence of this role in the future of greatness which is being forged through the efforts of all Argentines and which is the *raison d'être* of the process of national reorganization. I wish to convey to you my greatest esteem and regard and ask you to congratulate all the former legislators on my behalf.
[Text] [PY102210 Buenos Aires TELAM in Spanish 0220 GMT 8 Dec 79 PY]

SOVIETS IN PARANA PROJECT--Santa Fe, 7 Dec (TELAM)--The local office of the state waterworks and power enterprise has reported that [words indistinct] nine expert consultants have arrived in this capital and that they will work on the Middle Parana hydroelectric complex. The mission is headed by Engineer Alexander Sink, and Pavel Svistelnikov, first secretary of the USSR Embassy, is accompanying it. The contribution of the Middle Parana, together with other large hydroelectric developments, will allow the country to save a large quantity of oil with a high economic and strategic value. The hydroelectric development of the Middle Parana will be carried out through the frontal dams with complementary laterals, thus creating two reservoirs and two falls of approximately 14.5 meters each. The northern development, with several alternatives for placement of the frontal dam, will give the Pati hydroelectric plant an installed potential of 3,300 [unit indistinct] and approximately 16,300 gigawatts per hour/year of average generation. Its emplacement is approximately 40 kilometers south of Goya, Corrientes Province. The southern development is located in Chapeton Island, 25 kilometers northeast of the river tunnel that joins Santa Fe with Parana, and it will allow the construction of a hydroelectric plant with an average generation of 2,300 megawatts and 16,700 gigawatts per hour/year. Jointly, the two hydroelectric plants will have a potential of 5,600 megawatts with an average generation of 33,000 gigawatts per year.
[Text] [PY101456 Buenos Aires TELAM in Spanish 0150 GMT 8 Dec 79 PY]

NAVAL APPOINTMENTS--The navy today announced assignments for its newly promoted rear admirals. They are: Buen Oscar Franco, director general of naval personnel; Juan Jose Lombardo, chief of operations; Jose Antonio Supissicich, naval prefect; Walter Allara, chief of intelligence; Roberto Alfredo Day, undersecretary general of the navy; Carlos Alfredo Garcia Boll, adviser in the legislative committee; and Joaquin Gomez, marine chief of staff. Carlos Noge Guevara will continue to serve as secretary of maritime interests, Jose Augusto Goulu as director of the naval academy, Enrique Pedro Montemayor as chief of staff of the Command of Naval Operations, Julio Delfor Arias as chief of logistics, Carlos Pablo Carpintero as chief of staff of naval aviation, Manuel Osvaldo Morra as navy health director, Alberto M. Mugerza as director of supplies, Manuel Enrique Valentini as chief of staff, Leopoldo Suarez del Cerro as a member of the joint chiefs of staff, Hector Antonio Terranova also as a member of the joint chiefs of staff, Carlos Alberto Bolin as naval attache to the United States, Hugo Montagnati as navy comptroller general, Rodolfo Rematti as director of the naval war school, and Carlos Alberto Barros as commander of naval river zones. [PY101155 Buenos Aires TELAM in Spanish 1147 GMT 7 Dec 79 PY]

ARAB BUSINESSMEN--Mendoza, 6 Dec (TELAM)--A delegation of businessmen from the Arabian Gulf states is visiting Mendoza Province to study the possibility of investing in the canned food products industry. [Buenos [PY111149 Buenos Aires TELAM in Spanish 2300 GMT 6 Dec 79 PY]

TRANSPORT AGREEMENT APPROVED--Buenos Aires, 7 Dec (TELAM)--The Argentine Government has approved an international surface transport agreement adopted at the eighth regular meeting of Ministers of Public Works and Transport of the Southern Cone Countries held in Mar del Plata on 10 and 11 November 1977. [PY111149 Buenos Aires TELAM in Spanish 1250 GMT 7 Dec 79 PY]

ANTICOMMUNIST MEETING--Cordoba, 10 Dec (NA)--The first national anti-communist meeting was held in Cordoba for 2 days. During the meeting it was decided to launch the first anti-communist national campaign next April with the intention of obtaining from officials the approval of a law to repress communist activities. The meeting was organized by the Falange of Faith [falange de la fe]. The campaign will start in San Miguel de Tucuman on 4 April 1980 and will end in Buenos Aires on 6 and 7 December 1980, when the second national anti-communist meeting will be held. [PY111149 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1345 GMT 10 Dec 79 PY]

FRAGA ON SOCIAL SERVICES--The minister of social welfare, Rear Adm (ret) Jorge A. Fraga, declared that the bill on social services which is currently revamping the agencies under his jurisdiction, in no respect calls for depriving the social service entities of their assets. He explained that, according to the bill, those entities may act as contractors and financiers, and are required only to refrain from developing installed capacity in the future; but this does not mean that the existing capacity, whether it be public or private, may not be utilized. He commented, verbatim: "The statements that I made at Mar del Plata regarding the assets of the social services have in some instances been misinterpreted. I am referring specifically to the role of the social services, and their current assets. According to the bill, the social service entities will act as contractors and financiers; and they may not develop any installed capacity 'in the future,' but may use that which exists, whether it be public or private." He said: "As for the assets which were acquired under the terms of the present law, No 18,610, they will be turned over to the social service entities. Therefore, they will not lose them, nor be deprived of them, as has been erroneously interpreted." Finally, he claimed: "The assets which have been acquired with union funds may, among other options, be used as loans, if and when they are recorded in the pertinent register. In all instances, their final destination will be analyzed." [Text] [Buenos Aires LA NACION in Spanish 28 Nov 79 p 13] 2909

CARGO AWAITS SHIPMENT--(NA)--Transportation sector authorities at Ezeiza Airport have held three successive meetings to examine various solutions to the troublesome backlog of cargo at the airport, it was learned. Two of the proposals for resolving this problem were to have cargo transport personnel work shifts covering 24 hours and to start up the projects for expanding the areas where merchandise is stored. The problem of import and export backlogs has existed since last May, and according to our sources, 2,000 tons of merchandise are being kept outdoors, covered by canvas and plastic sheets. Several meetings have been held since then to come up with a solution, and they have been attended by representatives of airline companies, customs authorities in the cargo sphere, representatives from the Chamber of Industry and Commerce and officials from State Airlines, which is responsible for the stored cargo. [Text] [Buenos Aires LA NACION in Spanish 16 Nov 79 p 11] 8743

CUTA SEEKS POLITICAL SUPPORT--It was learned from union sources yesterday that the Unified Leadership of Argentine Workers (CUTA) will initiate today the so-called "National Program of Action," with regard to the meetings with representatives of political parties. A committee of leaders especially appointed will begin the meetings with the heads of the Christian Democratic and Justicialist Parties, which are scheduled for tomorrow. The aforementioned program, which has been established in support of a position completely opposed to the implementation of the new law on trade union associations, also calls for meetings with church authorities, including the president of the Argentine Bishops Conference, Cardinal Francisco Primatesta, and meetings with other political parties, such as the Unified Socialist and the Intransigent Parties, set for tomorrow. On subsequent days, an attempt will be made to establish contacts with heads of the Integration and Development Movement, headed by Dr Arturo Frondizi, the Communist Party and the Radical Civic Union. [Text] [Buenos Aires LA PRENSA in Spanish 28 Nov 79 p 8] 2909

GAS RESERVES--Mendoza--"The remark was made at the National Meeting on Petrochemicals that the dimensions of the west-central gas pipeline have remained small, considering the gas that has been discovered." This statement was made by the province's minister of economy, engineer Felix Carlos La Red, at a meeting with newsmen at which he discussed the Fifth Argentine Congress on Petrochemicals held recently in this city. Engineer La Red stated that there has been confirmation of the large gas reserves located on the platform between the northern part of Neuquen and the southern part of Mendoza." He observed: "Thus, the marking out of the ground plan is complete, from the standpoint of energy and petrochemicals." He said that the reserves currently in existence have been tripled, and are essentially gas-bearing; and therefore the situation must be reconsidered, particularly in view of the possible exploitation of petrochemical products and petroleum carburetants. The minister noted: "The replacement of carburetants could give us a definitive autonomy on the international market with respect to energy and petrochemicals." He explained that, to date, no study has been made of a potential modification in the west-central gas pipeline. [Text] [Buenos Aires LA NACION in Spanish 28 Nov 79 p 19] 2909

BRIZOLA ADMITS CONSPIRING WITH CUBANS

Rio de Janeiro O GLOBO in Portuguese 30 Oct 79 p 2

[Text] Sao Paulo--Former governor Leonel Brizola, in an interview on the "Meet the Press" program broadcast on the Bandeirante Television network, yesterday repeated his statement that he had conspired (aided by Cuban money) to organize an armed movement with the intention of overthrowing the regime established in Brazil following the 1964 revolution.

"I was a conspirator for a while," he said, "during the early part of my exile. My intention was to organize an armed confrontation with the regime of force that had been established in the nation. Our conspiracy, unfortunately, didn't turn out right; we lacked the experience, the time was not right, conditions were not right. I regret this because if I had succeeded Brazil might not have been subjected for so long to an authoritarian regime," he said.

"Through the intermediary of some comrades," he continued, "contact was established with the Cubans. At first some humanitarian aid was forthcoming, and subsequently other kinds of aid that were transformed into 'pasargadas.' This contact didn't last for long, however. We found out that what the Cubans wanted was not what we wanted, and the aid was cut off. They had other purposes and other objectives, whereas our aim was to deal with the Brazilian situation as an autonomous organization. As soon as I discovered--during our brief period of contact--that there was no identity of purpose, we decided to terminate the contact.

"Our objective," he explained, "was to be independent. This was our dispute; it was a Brazilian dispute; and we felt any such ties could put us in a situation of dependency that was not our intention."

Brizola declared that he did not propose to repeat these experiences involving the Cubans, or his attempt to organize an armed movement in exile. He didn't even like to talk about it, he said, "so as not to open these wounds. Amnesty means forgetting. I only want to make a report that can be used as a reference work," he declared.

Multiparty System

The former governor also discussed the organization of political parties. He believes that the two-party system must be ended, and that the MDB [Brazilian Democratic Movement]--as the sole opposition party--has already fulfilled its role.

"I believe it is time to initiate the multiparty system," he said. "I am convinced that 'party pluralism' is inevitable. It is the next step in the process of redemocratization and overture."

Brizola also criticized the system of district voting. "I believe," he said, "that proportional voting is more broadly based and will allow the Brazilian people greater freedom of choice." He defined in general terms his thoughts concerning "laborism."

"Laborism does not derive its inspiration from the so-called social-democratic pact," he declared. "It is not a social-democratic doctrine. It derives its inspiration from a vision of social democracy in Brazil that considers the alienated multitudes to be a national priority, because only if they are unionized can Brazilian workers achieve a genuine solution to their problems."

"I never imagined the PTB [Brazilian Labor Party] would have to submit to such a difficult 'entrance exam,' he continued. "These are currents of thought that were never associated with us, and they have the right to analyze our past and our future. We are not complaining, however, because we have been alerted as to the errors we must correct."

Almost at the end of the interview, Brizola spoke of President Figueiredo. "I bear no ill will toward Joao Figueiredo," he said. "I have no preconception that he will be like the others."

The former governor also said he had placed his trust in redemocratization and did not believe there would be any social exacerbation as a result of factors such as the high cost of living. "We shall have many problems," he said, "but we shall not have chaos or catastrophe. I believe we are going to enter a period of freedom, democracy and great creativity."

10992

CS: 3001

FINANCE MINISTER INTERVIEWED ON POLITICAL, ECONOMIC ISSUES

Rio de Janeiro MANCHETE in Portuguese 17 Nov 79 pp 18-20

[Interview with Brazilian Finance Minister Karlos Rischbieter by Justino Martins of the magazine MANCHETE; date and place not given]

[Text] Martins: The only minister of finance I have interviewed up to now was Ludwig Erhard. He advocated a free market and he became famous for having brought about the German economic miracle. A few weeks ago when they announced in Brazil that they were going to grant loans for revitalizing small companies, I thought that our government was imitating Erhard, who on the year zero after the war had the idea of lending money to the people so that Germany could emerge from chaos.

Rischbieter: A comparison of the Germany economic miracle with the Brazil of today would not be valid. Germany was destroyed by the war, however its economic infrastructure remained intact. What I mean is that the railroads were destroyed but it was very easy to rebuild them. The factories were destroyed, but skilled workers capable of building machines were still alive. In addition, the Marshall Plan poured money profusely into Germany.

Martins: But the human problem was terrible...

Rischbieter: Yes, however millions of fugitives from East Germany entered West Germany. This was a skilled labor force whose apprenticeship had already been paid for. It must not be forgotten that the wall was not built for ideological, but for economic reasons. They were people who spoke the same language, had the same cultural upbringing, people who were only 30 years-of-age and anxious to work. We ourselves here in Brazil benefitted from that flight of already-trained people from Europe, who came to work here.

Martins: In southern Brazil...

Rischbieter: In that aspect, the same thing, more or less, took place in Parana. In the 40's we had an internal migration. Then Parana began to receive legions of adults with an education paid for by other states, who went to work there. That generated enormous problems for Parana. Ney Braga tells a strange story which took place in the northern part of the state...

Martins: They were people who came from Rio Grande do Sul...

Rischbieter: No. The Gauchos went to the west and southwest. They and the people from Santa Catarina came with cattle, plows, everything ready for working. And the government was not even aware of the phenomenon. There was a shortage of roads; there were no schools or communications, no hospitals...or jails. One day Ney Braga went to inaugurate a jail in Porecatu in the north and he found it already full of people from Pernambuco, Ceara and Piau. There were some from everywhere except Parana. Then Ney said that he was going to ask for a share for Parana from SUDENE [Superintendency for Development of the Northeast].

Martins: Did you ever study in Germany?

Rischbieter: After I was educated I spent 7 months in Germany, working in an engineering and architecture office.

Martins: And what was it that turned you toward economy? Was it your vocation or simply politics?

Rischbieter: No. I became an engineer in 1952. The following year I moved to the northern part of Parana where I remained for 5 years working for a construction company, which worked on projects for the state government. Then, I decided to change my life and I went to Europe, staying in Germany. Later I went to study prestressed concrete in France and I wound up getting married in Paris. When I returned to Brazil in 1959, I continued to work for the same firm, but this time as a financial administrator in Curitiba.

Martins: And engineering?

Rischbieter: I began to lose interest in it. At the end of 7 years, I felt that engineering was not my forte. I liked being a financial consultant better. Then, in 1961, I told my wife that I was going to go into public administration. Ney Braga was creating the CODEPAR [Parana Economic Development Company], whose president was my old classmate, Afonso Camargo Neto, now a senator, and whose technical director was my friend Mauricio Schulmann, now president of ELETROBRAS [Brazilian Power Companies Inc.].

Martins: Was it a deal among friends?

Rischbieter: Yes, but it was not so easy. I had to compete in order to be admitted as an engineer. I then became chief of the Project Sector and then assumed the post of administrative director.

Martins: You liked that better?

Rischbieter: I wanted a tranquil life, and 6 months later I was once more in a big mess. I would begin work at 0600 and did not get home until night. But it was the most gratifying experience of my life.

Martins: In what respect? From the economic point of view?

Rischbieter: No, because everything was new. The state was new, the government was new and filled with modern ideas, and the agency in which I worked was something new. The CODEPAR was the pioneer at the state level, developing original ideas, methods and procedures. I left it only because of political reasons when Paulo Pimentel took over the government. Then I came to Rio to work with Leonidas Borio in the IBC [Brazilian Coffee Institute]. He had been president of CODEPAR. At the end of a year and a half, I was ordered to the IBC office in Hamburg. I did not return until the Castelo Branco Government ended.

Martins: You were in the Savings Bank and in the Bank of Brazil. When you took over the Ministry of Finance, I remember that I read in the newspapers about your enthusiasm, your plans...Are you still enthusiastic?

Rischbieter: I would not say I assumed the post with enthusiasm because I already knew what awaited me. What there was, was a realistic enthusiasm, which I still have. And as long as the president of the republic trusts in me, I shall remain.

Martins: Everything is going well, then?

Rischbieter: We are going in the right direction, although things are not easy. The Brazilian and world economic situation is undergoing a most difficult phase, but I continue to believe and to work, certain that we shall go through this period tranquilly.

Martins: Do you not believe that the people are somewhat surprised at the innovations now introduced into the financial administration of the country, the creation of the Ministry of Economy? Is there an economic philosophy on the part of the government at last?

Rischbieter: There is. I have tried to explain it, primarily abroad. A short time ago, I gave three talks on the subject in Germany, in addition to contacts in France, Belgrade and Iraq. In short, Brazil needs to grow. It cannot stop. Because of its size and its nature, it has to be in the forefront. And we have to distribute that growth instead of concentrating it. That distribution must be democratic. The fundamental point, however, is the combination of three things: growth, distribution of that growth, and all of that within an open society.

Martins: What is the greatest present Brazilian difficulty?

Rischbieter: Like any other country, we have problems. And it is possible that our problems all derive essentially from the question of petroleum. To begin with, the problems that most afflict us are: foreign debt and inflation.

Martins: Is there a mathematical relationship between those problems?

Rischbieter: The price of petroleum was increased beginning with 73/74. It is enough for you to calculate the accumulated sum of the increases in the last 6 years to have the exact size of our foreign debt.

Martins: And inflation?

Rischbieter: Imported inflation does not worry us much. For some time there was talk that it was an excuse by the government, but it is not. The increases in the price of petroleum affect the entire economic system and create new inflationary impulses. Therefore, we can identify energy as our basic problem.

Martins: What would the solution be? Is there one?

Rischbieter: The solution lies in agriculture. It is the decision adopted since the beginning of the Figueiredo government: Agriculture, God willing and if Saint Peter helps us. It will allow us to supply the domestic market, thus preventing prices from rising greatly. It is also going to produce surpluses which will allow us to pay the oil bill.

Martins: But where is the government going to look for the money for agricultural investments? It is a known fact that foreign capital is only interested in the transformation industry...

Rischbieter: The Brazilian domestic level of savings is almost enough. Obviously, we have to save more; however, our savings are already enough to permit investment and for providing working capital in that area. This year, for example, the increase in resources provided for agriculture is immense. The final balance is going to show the greatness of our effort.

Martins: Do you believe that such a boost to agricultural production will be possible without the advent of even a small agrarian reform?

Rischbieter: I believe so. We are going to have a growth on the order of 10 percent. And if the weather helps us, agricultural production will be fabulous. Because today our concern is what is that harvest going to be like? We had three poor harvests in 5 years. Now then, the more technically oriented, the more modernized agriculture is, the better it resists poor weather conditions. The strength of the United States is more in its agriculture than in its industry. Its agricultural production is immense. This year its value will be around \$70 billion. Everything is mechanized, fertilized, controlled. Look at Russia; because of a poor harvest it is going to import 35 million tons of grain this year. The same with China, which uses the system of small agricultural holdings; it cannot withstand the ravages caused by weather and it has to import.

Martins: And Europe...France for example?

Rischbieter: I had a long talk in France with an agricultural expert who knows Brazil well. He told me that historically France has an accident with its wheat every 10 years. Either unseasonable frosts or excessive rainfall during the growing period. Twenty years ago there was an enormous disaster; it was repeated 10 years later. Now, however, the French manage to recover something due to technology. Last year there was a disaster and almost nothing was lost. Therefore, modernization of agricultural methods prevents weather accidents from becoming disasters.

Martins: Are we very far behind in that modernization?

Rischbieter: We are already developing those methods in Rio Grande do Sul, Parana and Sao Paulo. Obviously, we are far behind France and particularly behind the United States. But our first step is to improve the traditional agricultural areas because they are already active and are near the markets. It would be madness, for example, to plant lettuce in Rondonia that would be eaten in Sao Paulo. That could be done when truck transportation was cheap. It is not suitable today.

Martins: Then whoever is far away is going...

Rischbieter: No. First we are going to improve the traditional areas. At the same time, we will have to open new agricultural frontiers in Mato Grosso, Goias, Para and Rondonia. However, they will have to be extensive, mechanized crops.

Martins: And the small farmers of the interior...the rural populations?

Rischbieter: We shall have to leave them in the rural areas, helping them to develop themselves. That is also within that program of advanced posts of the Bank of Brazil, which total almost 6,800. Indeed, there are a number of measures which must be taken jointly and singly at the same time, something which is not easy.

Martins: Explain to us, Minister, what the Ministry of Finance and the new Ministry of Economy are like. Who is who and what does each do?

Rischbieter: My position is an old and well-known one. For 2 years I have been talking of the need for the Ministry of Economy and I always advocated the idea. It is a coordination body. In an era of difficulties the gears cannot be moved by many, each one in his direction. The general leadership obviously is the job of the president of the republic. However, the economic area, given the complexity of the economy of the time, requires a coordination, which today is correctly handled by Minister Delfim Neto.

Martins: How about Planning?

Rischbieter: The Secretariat of Planning was born as a Secretariat of Coordination. When Roberto Campos created the Ministry of Planning, it was much more for accomplishing the coordination of the economy than for planning.

Martins: Does that mean a single command?

Rischbieter: No. The one who commands is President Figueiredo. It is he who provides the guidelines, policies and objectives of the country. If some day we were to become an absolutely democratic country without problems, perhaps we could once more distribute those tasks. You began our talk by mentioning Erhard. Very well, it was that man of the Adenauer government who pulled Germany out of a great crisis thanks to his decisions and his own ideas. I have known Delfim since 1963 and the concept he has of what he must do is very similar to mine. Indeed, there are not many alternatives as to what must be done in Brazil.

Martins: If converted into priorities, what would they be?

Rischbieter: The greatest problem is the debt and the balance of payments. That is also the problem of all the developing countries who are not oil producers. It is the problem which could lead the world to a political impasse.

Martins: To a war?

Rischbieter: When an economy begins to overheat--not the Brazilian which is already very strong, but that of smaller countries such as those of Latin America and Africa--a political turnabout may take place which can create very serious political impasses in the world. Therefore, I believe that is a very serious external problem, inflation is the internal problem. The latter, however, only becomes serious for Brazil when it reaches the present levels. We can live with an inflation of from 20 to 40 percent provided that it does not oscillate too much. The greatest problem of inflation is the uncertainty as to what it will be the following month. This is something we shall have to overcome under any circumstances next year.

Martins: How?

Rischbieter: By reversing that trend of increasing inflation, which has been in the Brazilian economy since 1974. I expected that to happen at the end of this year but we are having to wait until next year. Nineteen seventy-nine was a dramatic year.

Martins: Was the political liberalization at some fault in this?

Rischbieter: Absolutely not. Returning to Erhard, he brought about the German miracle within a democratic system, which was much more

difficult for Germany than for us. The Germans were emerging from one of the ugliest dictatorships in history. However, they had one leadership. Therefore, I do not believe that there is a conflict between liberalization and solutions for economic problems.

Martins: Sometimes the people are led to believe that Brazil pays an exorbitant price for the foreign capital invested in Brazil, in loans as well as direct investments. Is that not an enormous problem also?

Rischbieter: I believe that the world economy tends to become more and more interlinked. And Brazilian rules with respect to foreign capital are very well adapted to our country. They are rules that have been in existence since the time of Carvalho Pinto. During the government of Juscelino we attracted the automobile industry by any means we could, industry which generated an enormous wealth for the country. Contracts for it were made almost without controls. The last contract I was involved in was 50 times harder. And foreign capital accepts this because today Brazil is an attractive market. Therefore, as we begin to grow, we shall also establish more adult relationships with foreign investors. Royalties, know-how, all that, is being gradually included. What is the cost to Brazil? I do not know. What is the alternative? Say no to foreign capital and develop the country with our own resources? There are not enough for even beginning the process. The country would have to come to a standstill.

Martins: Do you believe that 1980 will be better than 1979?

Rischbieter: I believe so. Nineteen eighty will have more stability, a downward trend--not in prices but a lesser growth. That means that we should recover the tranquility we are losing at this time.

8908

CSO: 3001

SENATOR BROSSARD INTERVIEWED ON CURRENT ISSUES

Rio de Janeiro MANCHETE in Portuguese 17 Nov 79 pp 116-120

[Interview with Brazilian Democratic Movement leader in the Senate, Paulo Brossard, by Haroldo Hollanda of MANCHETE; date and place not given]

[Text] Since he assumed his seat in the Senate in 1974, Senator Paulo Brossard has been one of the permanent and most caustic critics of the successive revolutionary governments. Paulo Brossard de Souza Pinto comes from the ranks of the old Rio Grande do Sul Liberating Party, and can be described as a loyal disciple of Raul Pilla, in whose example he has always sought inspiration for the political career he has been engaged in, first as a deputy, later a senator and now, the in high post of leader of the opposition in the Senate.

The party reform planned by the government found in Paulo Brossard one of its constant and unrelenting critics. He was among the first to denounce the intention of dissolving the Brazilian Democratic Movement [MDB] as an act of violence, which in his opinion has no basis on law or the political traditions of democratic countries.

However, what Brossard views with apprehension on the political horizons of the country is the economic crisis, whose seriousness, he declares, will demand severe measures by the government in order to overcome its most serious effects. The MDB leader in the Senate believes that the government and the Opposition could unite around, not a program, but around some common points, which would bring together the overwhelming majority of the nation for the common struggle of containing inflation.

As a former member of the Liberating Party, Paulo Brossard believes that the only remedy capable of bringing Brazil out of its constant political crises is the adoption of the parliamentary type of government. He favors the legalization of the Communist Party and says that he prefers to fight his enemies in the light of day rather than to have them at his side without knowing that they are his enemies. Ironically, he concluded his views on the subject: "I have already said in the Senate: 'If there were a vaccine to prevent communism, I would be in favor of adopting that vaccine.'"

[Question] The MDB complained about the strait-jacket represented by the two party system. Today, when a new plan by the government for party reform is announced, the MDB protests. Is that not a flagrant contradiction?

[Answer] There is no contradiction at all, and whoever attempts to see a contradiction in that would be indulging in a stupid sophism. In the first place, I always believed that it was arbitrary to reduce the political life of the country to two parties. It would be just as arbitrary to make four parties for a very simple reason: Parties are not established arbitrarily by anyone, neither the government nor the people. The parties reflect social sectors. Thus, it could be said that the ideal would be to have two parties. Between the ideal and the real there is a substantial difference. I believed, and I still believe, that it was arbitrary, and it is arbitrary, to say that there must be two parties.

[Question] But what could the government be attempting?

[Answer] What is being attempted now is not a two-party system; what is very obvious is that there is the confessed attempt to break up the opposition, to divide the opposition for the most obvious and known reasons: the opposition, despite all arbitrary measures, which range from violence to corruption, has grown from election to election. The so-called majority party of the West, the government party, grows smaller from election to election. A large number of its members have already spoken of even changing the name of the party, beginning with its president, the poet Jose Sarney.

[Question] In the hypothesis that the bill the government sent to the Congress is approved, do you believe that the MDB will insure its continuity?

[Answer] I hope that the Congress will reject that bill and not rubber-stamp the will of the Executive, which would be an ignominious act. That the Executive Branch has done things of that type, that is their business. But for the Congress to do that, would mean that it would be irremediably condemned. The majority cannot crush the minority. The day that it would do this, there would be no minority that would be safe.

[Question] How would you classify those political actions?

[Answer] As something monstrous. Only those who accepted the April Package, as they accepted Institutional Act Number 5, as they accepted everything for years and years and took advantage of them; only those who corrupt themselves in that manner, betraying Brazil and democracy, but above all betraying Brazil, only they can accept a thing such as those.

[Question] In recent statements to the press you attributed an influence to the multinationals in the party reform process underway. Is that what you think?

[Answer] It is obvious that the great national and international interests have a protection in this country--particularly international economic interests--which the Brazilian businessman never saw, never knew. And those interests do not view the growth of the opposition with approval. And they view its rise to power with fear because they know that the opposition would vigorously defend the interests of Brazil against the interests of the multinationals, foreign interests, alien interests, interests with no country. They know that. Naturally, they want to continue to enjoy this paradise on earth.

[Question] The printed press then points to Senator Tancredo Neves as the principal creator of a new political party once the MDB is abolished. Are those press reports true?

[Answer] Senator Tancredo Neves only recently told me in this very room, and he told the press, that they are not true. Moreover, the press did not say that, no. The press has said that he is organizing a party. But only yesterday in the press he made a categorical statement denying that report. They have even placed me in the most varied of political situations.

It is Not True That I Am Organizing Another Party

[Question] But it was your colleagues in the MDB who gave us that information.

[Answer] However, I believe that I would only be deserving of the consideration of consultation. And I was never consulted. However, my name appears here and there. Now a nationally circulated magazine has published that I and Dr Sinval Guazelli were organizing a party. With what right can my name be used in that way, in a manner which is even harmful to me, not because of the company it places me in, but because I am the MDB leader in the Senate? If I were organizing a party with Dr Guazelli, or whoever it might be, the first thing that I should do would be to relinquish my post as leader. However, that is published like that.

Things have been published in a disrespectful manner. It seems that it is of no importance whatever, has no significance whatever. In my opinion, I believe that if I were organizing a party, I could not be the leader of another party in the Senate. However, that is published by a magazine with national circulation.

[Question] How do you view the economic crisis? Do you believe that it can in some way prejudice democratization?

[Answer] I believe the government is not impressed by the economic crisis or the social crisis. I believe it is not impressed, because if it were, it would not be doing what it is doing: playing with fire near straw, promoting political disorder, deliberately violating the law, aiming at the division of the opposition and its abolishment. And it also defends international interests so as to keep the opposition from government through this ignoble measure they desire.

The Brazilian Situation is Very Serious

[Question] But is it an economic crisis?

[Answer] I believe that the situation is of such gravity that the government should establish a half dozen points, no more, around which it could obtain, if not the unanimity of the nation, at least the support of the great majority. Far from that, the government wants to dynamite the opposition. It places the destruction of the opposition above and beyond the handling of economic and social problems of this country. I already said here in the Senate that the day will come when General Figueiredo will have the need to talk with the opposition. But if this plan goes into effect, he will not have the ideal interlocutor. He may talk to persons of greater or lesser rank, but he will not have the support, he will not have the backing that an entity such as a party can have. It is said that tomorrow there will be a new party. That is not worth much. There could even be two or three. But what is the credibility, the worth of a party founded yesterday? Only time provides that which is the good name, the worth, respectability, credit of a party. General Figueiredo is being very badly advised. Either that or it is his own personal orientation, or he accepted suggestions and advice, which in my opinion, are going to be very harmful to him if this plan is approved.

[Question] Does this mean that you accept an understanding at the highest level around a common program?

[Answer] It is not a matter of a common program. I believe that we need certain measures, certain arrangements because the economic situation of our country is very delicate. That difficult, delicate and grave situation is the result of a disastrous economic policy which the MDB has been criticizing for a long time, and which up to now has obtained

an olympic and indifferent smile as a reply, accompanied by the expression "They are pessimists." The results are in plain sight. Today there is no one who denies that this situation is grave. Is the situation of the Northeast better today than it was 15 years ago? Even the authorities say no. Official studies by such agencies as the Bank of the Northeast acknowledge this. Is the social situation today better than it was 15 years ago? Is the situation of the middle class better? Is the situation of national business better today than it was 15 years ago? The situation of the multinationals is. Of this there is no doubt whatsoever. The situation of national business today is tragic. The indebtedness of national business today is alarming. We know all about the social situation. This means that Brazil has problems, which it did not choose to classify before but which bother me. To govern does not mean opposition. It is up to the government. The government must govern. I believe that there is the need to trace a policy, define a policy and follow a very strict policy. It is not enough to publish a decree in the OFFICIAL DAILY. It is necessary to have the understanding and support of the nation. The great evil of governments without relationship to the popular vote is that they believe they can vote sovereignly from their offices because they have the material force, because they do what they want. There is no policy, particularly a policy of that type, which can be made without participation of the people. The government which is not elected by popular vote does not believe in the people; it believes that the people are not a necessary component. This is our misfortune; it has been our misfortune.

A Half Dozen Points Which Will Receive the Support of the Opposition

[Question] You did not answer our question directly. In that understanding with the government does the opposition want a common program?

[Answer] It is not a common program. Far from it. There would be a half dozen points on which the opposition could give its support. Sooner or later the economic crisis is going to reach levels the government cannot resolve by decree or edict. If things continue as they have with an inflationary rate which exceeds 8 percent per month, there is no government that can survive. And if it continues, this government will not finish its term. With 8 percent per month, I do not know how many of his 6 years General Figueiredo can serve. They may say that I am getting too far ahead with my forecasts, and my thoughts are that I hope to God that I am wrong. And I particularly ask God that the inflationary rate will fall. However, with this rate of inflation of 5.8 percent in March, 5.8 percent in August, 7 or 8 percent in September, there is no government that can last. Let General Figueiredo remember that this is the way it was in 1964, when the people could feel with their fingertips that it was a situation that could not last. Very well, 15 years later we are in the situation of 1964 in the matter of inflation. Therefore, I believe that this cannot continue for very long. And I repeat: There will be a time in which it will be necessary to do something. Does General Figueiredo think he can do those things with Tom, Dick and Harry or with someone from the opposition?

He is wrong. Something else is needed. Only the prestige, the strength of a party as such, a party which represents millions of Brazilians is what that government needs. It is destroying--note how I pose the problem--something it needs. That is my point of view. That is my opinion.

[Question] How do you view the initiative of former governor Leonel Brizola of restoring the former PTB [Brazilian Labor Party]?

[Answer] It is not proper for me to express an opinion on that. I am of the MDB and I believe that the MDB is the best vehicle for political action. Therefore, it is not proper for me to make an opinion. Those who do not think as I do have that right, have the liberty to take the initiatives they believe most appropriate.

[Question] Government leaders declare that party reform is aimed primarily at isolating the radicals of the opposition, the left wing of the MDB, particularly Miguel Arraes. How do you view that opinion of government leaders?

[Answer] I find it even funny because in all countries, everywhere in the world, there are leftist and communist parties. Now, here in Brazil, they create all difficulties to the formation of a party. Dr Pedro Aleixo can tell you. Therefore, they are concerned with isolating the left; they think that the isolation of the left is laboratory, extraction, surgical work. Since when has this been done this way, in a surgical manner? We are going to isolate the left. The only way to isolate the left is to allow the existence of a leftist party. They would join it to do their thing. Now, that story is a fraudulent, dishonest, false, lying instrument. What they want to do is to remain in government. And since they cannot obtain votes because the MDB is always growing, they come up with those ruses.

[Question] Are you in favor of legalizing the Communist Party?

[Answer] I already said in the Senate that if there were a vaccine for preventing communism, I would be in favor of adopting that vaccine. I believe, however, that this is an evil--I consider it an evil--which exists. And I prefer that my enemy be known and be in the light of day rather than have him at my side and not know that he is my enemy. In 1945, when I was a student, when I began my public life, after 7 years of the New State, after the systematic persecution of the communists and the Communist Party, the Communist Party was legally constituted. It had a formidable success. They elected a senator and 14 or 15 deputies, something like that, a reasonable number of representatives and one senator. Elections took place on 2 December 1945, with General Dutra and a Constituent Assembly being elected. I voted for Brigadier Eduardo Gomes. Less than 14 months later, on 17 or 19 January 1947, the elections for state governors and Legislative Assemblies took place.

In less than 14 months the Communist Party suffered a decline of 500,000 votes. Note that 500,000 votes at that time, in 1947, were not the same thing as 500,000 votes today. It is like the money. The voters have increased so much, or better said in other terms, the electorate was so small at that time that 500,000 was a lot of votes. Five hundred thousand votes today is a respectable share, but 500,000 votes in 1947 was an enormous number of votes. So the evil exists. There is no means for eliminating it. To me that is a fact. Now, that argument of isolating the left is a hypocrisy. It is only a ruse for mutilating the opposition, which grows from election to election, and so that some persons will be able to remain in government another 10 or 12 years. That is all that the so-called party reform is.

Solutions: A Constituent Assembly on Parliamentarianism

[Question] Do you believe, as do some circles of the MDB, that the solution for our political problems would be in the convocation of a national constituent assembly?

[Answer] Institutional disorder in this country has reached such a point that it is difficult to find a way which is not through a constituent assembly. It all depends on what the constituent assembly would do. Because if it were for the purpose of maintaining the presidential system that is there now, then we would be going to undergo another century of it. Ten years from now the Republic will be 100 years old. We are in 1979 today, another 10 years and we shall have had 100 years of republic. They are 100 years of abnormality, of coups d'etat, states of seige, of revolution. In other words are we going to adopt a parliamentary system of government in which both political branches have responsibilities, and that responsibility will not be only on paper; it will be a system in which the government is responsible, the executive is responsible, and the legislative branch is also responsible, or are we not? If it were for maintaining a system such as this one or something like it, nothing is accomplished. There would be, let us say it, an institutional legitimization. But it would not resolve, it would not bring about the miracle of pulling this country from this feverish pace in which it has been living for decades. Now, I repeat, the institutional disorder in this country is so great that it is difficult to find a way other than that of a constituent assembly for putting things in order.

8908
CSO: 3001

FUNAI PRESIDENT RESIGNS, REPLACEMENT NAMED

Rio de Janeiro O GLOBO in Portuguese 1 Nov 79 p 6

[Text] Brasilia (O GLOBO)--Acting on the recommendation of Minister of the Interior Mario Andreazza, President Joao Figueiredo yesterday signed a decree removing Adhemar Ribeiro da Silva (at his own request) as president of FUNAI, and another decree appointing Col Joao Carlos Nobre da Veiga to fill that post.

Although the new president of FUNAI admitted that his knowledge of the Indians is limited to the history of the Indian Sepe Tiaraju (a prominent figure in the history of Rio Grande do Sul State), he insisted that he would not have any problems inasmuch as he intends to carry out the program instituted by the government and thereby impart continuity to what is already being done.

He said he was surprised by the invitation to become president of FUNAI and had learned of his appointment only yesterday morning in Rio de Janeiro. He went at once to Brasilia, where he conferred with the Ministry of the Interior.

"What I can say at the present moment," he declared (holding in his hands the Indian Statute), "is that I shall continue the excellent work carried out by my friend Adhemar Ribeiro da Silva."

Col Joao Carlos Nobre da Veiga explained that he proposes to continue the work of establishing the boundaries of the Indian lands, while at the same time avoiding conflicts and heightening the awareness of the "Brazilian and foreign" companies so that they will respect the Indians' lands.

"I shall see to it that the government's policy for the Indians is strictly obeyed," he promised. "If there are pressures I shall know how to deal with them. After all," he said, "the government's program of action is already established and everyone will have to comply with it."

He went on to say that he does not fear criticism based on the argument that he has himself never experienced the problems of the Indians. He points to the "excellent work" accomplished by Adhemar Ribeiro da Silva ("whose departure," he said, "has saddened everyone") despite the fact that the

latter--just as he--had no previous experience in this sphere of activity. "I shall merely be finishing the work that Adhemar initiated," he said, "and so there shouldn't be any opposition. I'm not going to change anything that has been done."

Confidence

Adhemar Ribeiro da Silva, who submitted his resignation from FUNAI "for exclusively personal reasons," asserted that he had confidence in the performance of Joao Carlos because he has known him since 1973. He said he had learned of his own replacement only yesterday, through the press accounts.

"This indicates," he said, "that the press continues to be very well informed. I had submitted my resignation but didn't know when I'd be leaving. The press was prompt, and correct, in reporting yesterday that I was to depart that very day. I myself did not know."

He said he was moved by the expressions of solidarity manifested on his departure--even, he said, "by people who had always criticized FUNAI.

"I did what I could," he added, "within my own limitations. I tried to compensate with a labor of love for what I lacked in knowledge, and I believe I succeeded." He promised an interview for Monday, at which time he will discuss his departure from FUNAI.

The general manager of FUNAI, Pedro Paulo Figueirelli, will serve as interim president of that entity, inasmuch as Joao Carlos will not take office until next week.

Andreazza

Minister of the Interior Mario Andreazza said yesterday that the departure of Adhemar Ribeiro da Silva from FUNAI was due exclusively to personal problems. He explained that the outgoing president would continue for a while in FUNAI to orient his successor.

"Adhemar will even travel with Joao Carlos," Andreazza said, "to introduce him to the Indians and the post chiefs, and immediately thereafter will assume a position of trust in the BNH [National Housing Bank]. As I have stated, I regret the departure of my dear friend Adhemar from FUNAI; but he has problems of a personal nature and wished to leave. In any event, his work will be continued by Joao Carlos, who is also Adhemar's friend."

Soldier, Engineer, Political Leader and Administrator

Joao Carlos Nobre da Veiga, a colonel in the paid Army reserve, was born in Curitiba on 28 October 1921. In addition to his military courses (Realengo Military Academy; the Army Command and General Staff College; and a course in personnel classification in Indiana, USA) he completed a supplementary

course in engineering at the State College of Parana as well as a course in administrative sciences, and courses in leadership and executive methodology, at the Brazilian Institute of Human Relations.

The posts he has held include notably: purchasing aide for the Brazilian Army in Washington, USA; administrative aide to the General Secretariat of the National Security Council of the Presidency of the Republic in the administrations of Juscelino Kubitschek and Costa e Silva; director of finance of the National Alkalies Company; adviser and chief administrative officer of the Ministry of Transportation during the tenure of Mario Andreazza; general coordinator of Operation Maua; director of the Guanabara Docks Company; executive secretary of the Supermarkets Association of Rio de Janeiro State; and coordinator for security and information of the Rio Doce Geology and Mining Corporation.

He also served as technical assistant for the Federative Republic in connection with the expropriation of the instructional camp at Santa Maria, Rio Grande do Sul; as chief technical adviser of the raw materials survey organized by the Administrative Council for Economic Development (CADE); as a member of the Brazilian military delegation that took part in the military exercises of Operation Santa Barbara at Cordoba, Argentina; and as representative of the General Secretariat of the National Security Council of the Presidency of the Republic to the 11th International Congress on Railways.

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CSC: 3001

FUNAI CHIEF TELLS OF INTERNAL PROBLEMS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Oct 79 p 28

[Interview with FUNAI president Adhemar Ribeiro da Silva]

[Text] Brasilia bureau--Minister of the Interior Mario Andreazza is scheduled to meet this week with Adhemar Ribeiro da Silva, president of the National Indian Foundation (FUNAI), who 1 week ago threatened to resign. It was a crisis characterized by unending speculation that mainly concerned the pressures he was experiencing from bureaucrats who had been dismissed from their posts, and from high officials of the federal government and governors of the northern part of the country who are defending the interests of homesteaders and prospectors against those of the Indians. Calm and cautious in his statements, Adhemar Ribeiro da Silva gave an exclusive interview to O ESTADO on the subject of the difficulties and the problems he is having within FUNAI.

[Question] Your desire to resign from FUNAI has been linked to the reorganization you have proposed for that entity. What is your view concerning this?

[Answer] I see no reason to link the one to the other. In my opinion, a reorganization of FUNAI is indispensable to the development of our Indian policy. FUNAI is the guardian of the Indians and also is charged with implementing this policy. It has an enormous responsibility, for while its function is educational in nature it also involves legal aspects together with protecting the Indian lands, discharging administrative duties and--in a broader sense--establishing its presence in all areas in order to provide the Indians with the necessary protection.

We believe the present structure of FUNAI is inadequate for the development of an integrated program. We cannot single out the Indian; we cannot develop one sector to the detriment of another. We must equip all the stations, posts and adjutancies and assign the right personnel to each. We must have the necessary human resources, and this means people who are competent, trained and active and who will function in perfect accord with us.

We are able to state that although there are a few who are dissatisfied, the definitive reactions are favorable. We are creating opportunities for many people, because FUNAI--just as any other entity--has a number of trainees in its employ. These are young people who are entering on duty in a modest capacity but who are studying and developing as they rise within the ranks of our service through the instrumentality of the competitive examinations and courses we conduct. We are establishing--as part of our personnel policy--standards for advancement within the ranks. It is not a question of simply promoting a civil servant so that he might receive a better salary but of placing him in the right job.

[Question] How will this be reflected in the work of FUNAI?

[Answer] Our range of activity is quite diversified. We cannot expect of the Amazon region the same results that we expect of the southern part of the country. We must therefore have teams that can give the best possible response to each situation. We have difficulties that are enormous: problems of every sort, even religious problems. In the Upper Solimões region, for example, there is someone named Ze da Cruz who founded a religion and is succeeding in attracting many Indians to it. While it is true that we must respect the Indian's right to self-determination, including self-determination as to religion, the fact is that contact of this kind does cause problems. He can then no longer work on Sunday, ceases to participate in his sports activities, alters his native culture and is alienated from his dances and rituals. We must therefore have professionals who can undertake solutions without resorting to repression or coercion.

We may also cite, for example, the necessity of solving the Indian's problems in the context of his own environment, thus rendering unnecessary the constant trips to Brasília, which besides being costly are even dangerous for the Indians. The accommodations we maintain in Brasília are consistently overcrowded, making it necessary for healthy Indians to share them with sick persons who are awaiting vacancies in the hospitals.

On the internal administrative level, we have an increasing number of professionals who are trained to develop programs and find solutions for each situation. We therefore cannot continue with the same structure, which has proved to be neither very efficient nor very objective.

[Question] What about the problems relating to the invasions of Indian reservations? Can they be solved? Are they one cause of the Indians' disillusionment with FUNAI?

[Answer] There is no doubt whatsoever that one of the ways to control the problem of the invasion of these lands is to establish FUNAI's presence. In some areas as many as 500 families have invaded Indian lands and taken up residence. The withdrawal of these individuals must be effected with the greatest caution in order not to cause social problems. They constitute a labor force that needs to be placed at the service of the nation in their own areas. However, the lands that are vacated and returned to

the Indians are in an exhausted condition, for these people cut down the forests and destroy the fauna. They exploit the natural resources to the maximum. Nevertheless, we believe a program for the restoration of these lands can be created without altering the indigenous culture; on the contrary, we believe that culture could likewise be restored under such a program. This would mean reforestation and the planting of fruit trees or trees for timber production. It would mean bringing back the animals.

The Indian must be understood in this way, without any resort to romanticism. He is essentially a man of nature, of pure water, of the sky--of all that relates to ecology. The Indian is not a predator.

[Question] But when the invasion is instigated by big companies, would the solutions then be as easy as that?

[Answer] When the problem is with a large company the law is very clear and precise. I believe the most important thing is to enforce the law. If we keep on inventing solutions outside the framework of the Indian Statute we may fail to achieve good results. The law must be interpreted in such a way that crises will not be created for the nation, and it is therefore essential that FUNAI develop programs to resolve these impasses. This is obviously a very difficult thing to do, for discontent is always created.

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CSC: 3001

BRAZIL

FIGUEIREDO TO DISCUSS HYDROELECTRIC PLANTS IN ARGENTINA

Rio de Janeiro O GLOBO in Portuguese 29 Oct 79 p 18

[Text] Technical commissions from Brazil and Argentina are expected to meet by the end of November in Rio de Janeiro or Buenos Aires to pursue studies concerning the Garabi binational hydroelectric project.

The purpose is to establish conditions so that within 5 months, at a maximum, an agreement for its construction can be signed by Brazil and Argentina. It is possible that the project will be begun in 2 years' time.

After his visit to Venezuela, President Joao Figueiredo is expected to schedule a visit to Buenos Aires, probably in March, at which time the agreement would be signed. Garabi will have an installed capacity of 2,200,000 kilowatts. Plans for Figueiredo's trip to Argentina are being pursued by the diplomats of both countries, and as one diplomat prominent in the tripartite negotiations commented, "Following the Itaipu-Corpus Agreement, the next step must be a meeting of the two presidents."

Apart from Figueiredo's scheduled trip, it has already been decided that not only studies pertaining to the Garabi project, but also those pertaining to two other plants--Sao Pedro (800,000 kilowatts) and Roncador (2,800,000 kilowatts) will be intensified.

Basis Established

There is now a fully structured legal basis for an agreement, not only on the construction of the three plants but also for the navigational route of the Uruguay River. Although there has been little publicity about it, there is a mixed commission established early in the 1970s maintaining permanent contact. This technical group was not dissolved even in the most difficult phase of the negotiations concerning Itaipu and Corpus.

Now, as former Argentine Ambassador to Brazil Oscar Camillion notes, with the natural impasse created by the Itaipu-Corpus Tripartite Agreement in the past, the conditions are entirely favorable for discussions of the use of the Uruguay River. "The Uruguay River situation is currently in the political decision stage."

On the other hand, on the recommendation of the president of ELETROBRAS [Brazilian Power Companies Inc.], Mauricio Schulman, the technical studies concerning Garabi will be discussed until all the pending points are resolved, so as to eliminate the danger of any reservation when the time comes for the signing of the agreement. Although he will not still be president of ELETROBRAS at that time, Schulman certainly is concerned about avoiding unpleasant situations such as that which developed at the end of last year, precisely because of the fact that some small technical details concerning Itaipu and Corpus remained to be resolved.

The technicians of both Brazil and Argentina regard the development of the Garabi project as a priority in their energy schedule. Plan 95, setting forth Argentine projects in this sector up to 1995, includes the three Uruguay River plants.

Camillion sees another factor favorable to the Garabi project. "A binational project carried out by Brazil and Argentina will enjoy a very favorable financing situation, since any international financial body would be pleased to allocate credit for it."

The Itamaraty Palace has already submitted a preliminary treaty draft for the Garabi project. This document is dated 2 April 1974 and may serve as the basis for the agreement.

Garabi

Of the three projects, studies are farthest along, practically at the bid solicitation stage, for Garabi. There will be 12 turbines distributed between 2 power houses, 1 on each side of the river. Initially project studies called for a conventional plant with a single power house, but for both political and technical reasons it was decided that all of the binational plants, on the Uruguay River for the present and in the future on the Iguacu River, will have independent generating systems. Only the dams will be shared.

From the political point of view there is a whole structure dictating separate systems, and from the technical point of view, Brazil and Argentina have differing cycles in their energy distribution systems, which also justifies 2 power houses.

There will be an average drop at Garabi of 40 meters, taking advantage of the difference in level between the dam and the San Pedro Reservoir. The dam will be 3800 meters long. The engine houses will be located in the bed of the river.

The average annual power generated by the Garabi project will be 7,000 gigawatt hours. The estimated cost is \$1.6 billion U.S., or \$730 per installed kilowatt.

Roncador

The Roncador project offers the greatest potential of the three plants. It is to have an installed capacity of 2,800,000 kilowatts, while for the time being there is still some doubt as to the desirability of building the 2 successive dams, 1 at Roncador and the other at Panambi. This concept emerged under the Geisel government, based on the fact that a single dam built at Roncador could cause great flooding in an area of very rich agricultural land with a large concentration of small holdings.

With a system of 2 dams at a distance of a little more than 15 kilometers apart, it will be possible to reduce the flood area to half, because they would be lower. This plan would involve a total drop of 73 meters. The dams would be small (about 1,500 meters long) with an annual generating capacity of 10 gigawatt hours, or 10 billion kilowatt hours. The data on the Roncador project, as is moreover the case with the Sao Pedro project, is still rather superficial and subject to change following more profound study.

Sao Pedro

Finally, the Sao Pedro plant will be located near the point where the Brazilian, Argentine and Uruguayan boundaries come together. This project, although the least studied as yet, should offer the best technical conditions and therefore the lowest cost. The plant however will encounter a problem limiting the installed capacity. Sao Pedro will be located near cities of major political and economic importance, both in Brazil (Uruguaiana, Sao Borja, Itaquí) and in Argentina (Paso de los Libres, Alvear). Therefore the dam must be low in height to guard against the threat of flooding.

The hydroelectric plant may have a drop of only 15 meters and a rather long dam (3,740 meters). Apart from the risk of flooding the cities, one other is regarded as serious: it involves a bridge linking the two countries, over which a heavy flow of goods traded by the two nations passes. A dam more than 15 meters high could cause flooding of the bridge.

The installed capacity of this plant will be about 750,000 kilowatts, and its annual generating capacity will be about 4,000 gigawatt hours.

Sao Pedro has another positive aspect in the convenience of linking the Jacui and Ibicui Rivers, making the whole distance from Mar del Plata to Porto Alegre and the Brazilian coast, via the port of Rio Grande, navigable.

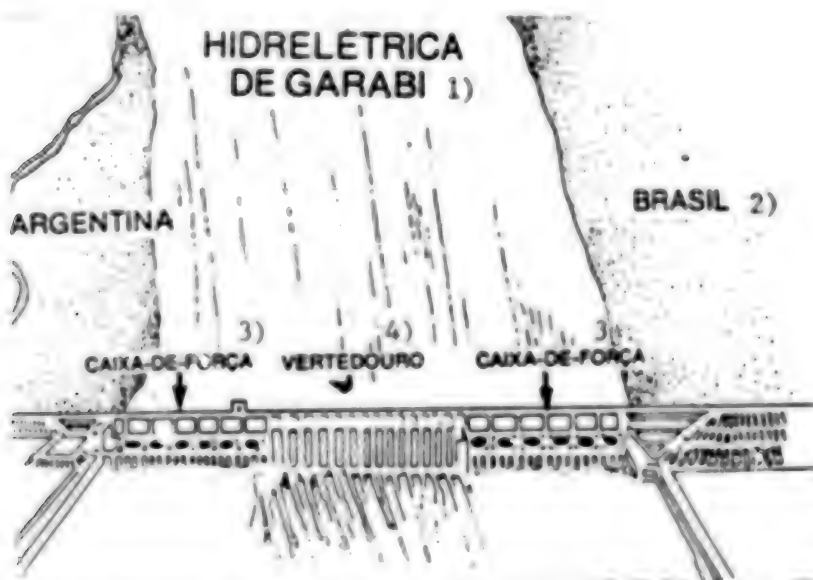
The almost 3 million kilowatts to which Argentina will be entitled will be of basic importance, since the installed capacity of that country by 1995 should be about 27 million kilowatts, with the Uruguay River accounting for more than 10 percent.



The first of the binational projects on the Uruguay River will be the Garabi project, with 2,200,000 kilowatts. Priorities will then be defined for the next project, with the Sao Pedro plant making it possible to link the Ibicui and Jacui Rivers in Brazil.

Key:

- | | |
|--------------------------------|------------------|
| 1. Plants on the Uruguay River | 3. Brazil |
| 2. Paraguay | 4. Linking canal |
| | 5. Uruguay |



Plans for the Garabi hydroelectric project are now ready. It will have two power houses, one in each country. For technical and political reasons,

all of the binational projects with Argentina will have independent generating systems.

Key:

- | | |
|---------------------------------|----------------|
| 1. Garabi hydroelectric project | 3. Power house |
| 2. Brazil | 4. Spillway |

5157

CSO: 3001

BRAZIL

HYDROELECTRIC POWER PLANTS POSSIBLE ON IGUACU RIVER

Rio de Janeiro O GLOBO in Portuguese 23 Oct 79 p 2

[Text] Foz do Iguacu--When the method of developing the Uruguay River hydroelectric projects has been established, Brazil and Argentina will discuss the construction of two plants on the Iguacu River, one of them making use of the Iguacu waterfalls. This plant will have an installed capacity of 2 million kilowatts and its construction may be started within 10 years, an official source revealed.

The technical studies to date have been very superficial, limited to rapid surveys made by engineers from both countries. No viability studies have been ordered thus far.

According to the technicians, this development would pose no threat to the natural beauty of the waterfalls, because the dam across the river would be built upstream of the falls so that the retention of the water will not cause any flooding at the site.

Safe System

The idea of taking advantage of the waterfalls was inspired by the joint use made by the United States and Canada of Niagara Falls, without posing any danger to the site.

The project involves building a dam some hundreds of meters above the waterfalls. Two power houses downstream of the falls will be built, one on each bank of the river, and the turbines will be supplied by water intakes which may be served by two small canals. Apart from this system of supplying the turbines, the dam will have flood gates to release water to the falls.

It is believed that the waterfalls will retain their normal characteristics with 500 cubic meters of water per second, while the average rate of flow on the Iguacu River varies between 1,600 and 2,000 cubic meters per second.

The flood gates will be closed totally or partially during the night to reduce the quantity of water released to the falls, and will be open again in the morning.

Each power house will have turbines generating 1 million kilowatts. Apart from this facility there will be a second, a little higher up, which may have an installed capacity of up to 1 million kilowatts, with 500,000 kilowatts for each country.

Negotiations

The definition of the form in which the potential still existing for the binational project on the Iguacu will depend on the development of negotiations between the two countries, which were strengthened by the signing of the tripartite agreement on Itaipu and Corpus.

It is known that Argentina is interested in establishing the use to be made of the Uruguay River, after which negotiations on the Iguacu project may be launched. The investment plan for the Argentine electrical sector between now and 1995 (like that established by ELETROBRAS [Brazilian Power Companies, Inc.]) includes the three plants on the Uruguay River (Garabi, Roncador and Sao Pedro) and priority will certainly be focused on those hydroelectric plants.

For Brazil's part, the situation is relatively comfortable, for it is in the southern region, as well as in the North, that the most generous hydroelectric potential for coming decades is to be found. But according to analysts, Brazil will not reject an offer to begin negotiations on Iguacu, because the newly developed understanding with Argentina should be maintained with a view to intensifying commercial negotiations, rather promising in various fields.

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CSO: 3001

BRAZIL

CANAL TO TRANSPORT IRON ORE PROPOSED FOR MINAS GERAIS

Rio de Janeiro O GLOBO in Portuguese 29 Oct 79 p 18

[Text] The Sao Paulo enterprise Minerva Exports, Ltd. has submitted a plan to the Ministry of Mines and Energy calling for a canal system for the Doce River in Minas Gerais to facilitate the transportation and increased export of iron ore totaling 100,000 tons, valued at \$1.7 billion U.S. per year.

The proposal offers two alternative plans for execution. The first calls for execution of the project in partnership with the Rio Doce Valley Company, which would make use of the water transportation route for iron ore along with Minerva. The second would involve execution of the project by the Sao Paulo enterprise alone, with a commitment to export about 100,000 tons of iron ore per year for a period of 5 years. Rio Doce Valley is now exporting 50,000 tons.

High Cost

The president of Minerva, Cirilo Pomerantzeff, said that the provision of a Doce River canal system to render the river navigable for the transport of ore will be very costly but will serve the national interests because it will make possible a great saving in fuel and a 75 percent reduction in freight costs.

The plan submitted by the enterprise is only a quarter as costly as another drafted 3 years ago on commission by private businesses.

The present proposal would cost \$250 million U.S., while the preceding, which the government approved, would cost a little over \$1 billion U.S. (about 30 billion cruzeiros).

Cirilo Pomerantzeff explained that the present proposal is very simple and is designed basically to use the river for ore transport. Eight canals would be built to bypass the sectors containing rapids. At the 12 waterfalls, an engineering solution entirely new to Brazil would be utilized.

"We will build hundreds of flatboats to transport the ore. The ore will be loaded in Itabira on a group of flatboats which will take it to the first waterfalls. As they cannot go over it, we will build a canal parallel to the river, consistent with the pitch of the falls. The vessel will enter the canal and, with the mechanical opening of the holds, the ore will fall into the river. The water will carry the ore along the canal and deposit it in another flatboat waiting below. When loaded, this flatboat will proceed with the ore to the next falls, where the operation will be repeated."

According to Cirilo Pomerantzeff, this new proposal offers two advantages over the earlier one: lower cost and greater fuel economy.

"The earlier proposal included plans for diverting the river along various stretches containing waterfalls, at a very high cost, and an increase in the length of the route. The present proposal does not alter the current dimensions of the river and uses its own energy to carry the ore," he commented.

In relation to the export proposal, Cirilo Pomerantzeff said that his enterprise can outdo the Rio Doce Valley Company itself in terms of foreign sales of iron ore if the government allows it to make exclusive use of the river. He explained that transportation of the ore by train, the present Rio Doce Valley Company procedure, costs almost \$5 U.S. per ton. With the new system, the same service will cost 25 percent of what is now being spent.

"The difference we will see with such transportation costs will allow us to sell much more iron ore than is thought of today. The advantage of the transportation cost difference will open up vast prospects for our enterprise. The investment of \$220 million U.S. we will make to establish the entire river transportation structure will be paid off in 2 or 3 years."

Cirilo Pomerantzeff said that his enterprise has already secured the support of international mining sector companies which are interested in joining in the undertaking and financing a part of the canal project and the building of the river transportation structure. Among the enterprises interested are U.S. Steel in the United States. He stressed that the Rio Doce Valley Company has certain reservations with regard to the proposal because it currently has control of the only railroad transporting iron ore. The establishment of a water route would offer competition and enable other enterprises as well to export iron ore from Minas Gerais.

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CSO: 3001

BRAZIL

AGREEMENT ON ITAIPU, CORPUS CRITICIZED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Oct 79 p 12

[Text] Brasilia--"Argentina has succeeded in winning acceptance of its old thesis of prior consultation in the document reconciling interests pertaining to Itaipu-Corpus, with the introduction in items G and H of some basic premises in its position, such as the prohibition on changes in quota conditions, the number of turbines or the Itaipu operational system without prior negotiation involving the three parties," diplomatic sources in Brasilia reported yesterday.

"In establishing in item G that losses suffered upstream on the Parana River cannot be assessed unilaterally, the document provides that agreement must be reached between the country causing the losses and that suffering from them. This excluded the Asuncion Declaration thesis supporting the Brazilian viewpoint to the effect that a country is sovereign in the utilization of a natural resource provided it does not cause substantial losses to its neighbor, which situation the offending country could judge unilaterally," the sources explained.

The Brazilian and Paraguayan parties can discuss the "future installation of the two reserve turbines" to compensate for the loss of power at Itaipu resulting from the 5 additional meters on the Corpus side at any time they wish. "In fact, the agreement signed day before yesterday clearly specifies that item C pertaining specifically to 18 turbines can only be altered on the basis of prior negotiations involving all 3 parties to establish a consensus view," the diplomatic sources said.

The functional flexibility of Itaipu remains rather limited, on the basis of the navigational parameters set forth in the document, since it is not possible to change the basic and peak rates of flow without a careful study of the downstream consequences and drop in volume, the sources say. "As to filling the reservoir, the parameters were set at 5,000 cubic meters per second, without linking the alteration of this limit to prior negotiation, but rather to consideration of the river conditions as such, when the time comes for filling, scheduled for 1982."

The greater flexibility allowed for filling conditions is the result of the fact that this will be a one-time event lasting only 15 or 20 days, the document says. Thus, in the view of diplomatic sources in Brasilia, "if there were substantial losses in navigation on the Parana River downstream, this would be a temporary situation."

The Itaipu document caused considerable surprise in diplomatic circles in Brasilia, which did not expect agreement on established parameters linked with subsequent negotiation. A large number of observers have concluded that Brazil yielded to Argentina on major points in the agreement, but was able to safeguard its most basic interests.

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CSO: 3001

BRAZIL

NEW HYDROELECTRIC POWER PLANTS FOR CEMIG

Rio de Janeiro O GLOBO in Portuguese 29 Oct 79 p 18

[Text] Belo Horizonte--The first three plants which the ELETROBRAS [Brazilian Power Companies, Inc.] Plan 95 includes for the CEMIG [Minas Gerais Electric Power Plants, Inc.] are scheduled to be started in 1980 and 1981, the enterprise has announced.

The Miranda and Nova Ponte plants on the Araguari River will have a capacity of 422,504 kilowatts each, while Igarapava, on the Grande River, will have 200,000 kilowatts, making it possible to supply the CEMIG consumer market which has increased at a rate in excess of 20 percent per year.

A CEMIG source explained that the three plants are scheduled to go into operation between 1986 and 1992. Until then, the CEMIG consumers will be served by the completion of the second stage at the Sao Simao plant, which will add another million kilowatts to the system, and also the Emborcacao plant, which will put its first two 250,000-kilowatt units in operation in 1982, and the other 2 in 1983. During this period, the CEMIG will also be using its quota of the energy generated at Itaipu.

In addition to Igarapava, Nova Ponte and Miranda, Plan 95 calls for four more plants for the southeast region in the CEMIG concession area. Their financing plans are to be launched in the next 3 years, requiring federal authorization. These will be the Capim Bramco plant on the Araguari River (624,000 kilowatts), the Formoso plant on the Sao Francisco River (300,000 kilowatts), the Aimores plant on the Doce River (400,000 kilowatts) and the Funil plant on the Grande River (154,000 kilowatts).

The CEMIG is studying possible developments for the period after 1990, where consumption in Minas Gerais will be at least three times the present volume. Another 12 plants are now under study, with a total of 1.4 million kilowatts. Plans call for the simultaneous building of 15 plants in 1990, at an estimated cost of \$4.6 billion U.S.

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CSO: 3001

U.S. URGED TO INTERVENE IN IRAN TO REAFFIRM ITS POWER

Santiago LA TERCERA DE LA HORA in Spanish 16 Nov 79 p 2

[Article by Goni Garrido: "Necessary Intervention?"]

[Text] There is a popular saying which maintains that appetite comes with eating. Following the same logic, it could be asserted that weakness leads to aggression.

The current situation of the United States on the international scene seems to prove the point. It is difficult to believe that such a powerful nation can frequently be exposed to challenges that question its status as a super-power. Without a doubt, if the prestige and qualities of the men now in the White House were on a par with the country they claim to represent, even the ayatollahs would be especially careful in making any decision that might bother the government in Washington.

Obviously, that is not the case.

Some time ago, a group of Iranian students occupied the American Embassy in Tehran, taking a large number of American hostages. Shortly after the event, which naturally violates all the conceivable standards of foreign relations, they succeeded in adding to the group of unfortunate captives, particularly with the United States' highest diplomatic representative in Iran. Up to that time, and perhaps in the best faith -- following pure Carter style -- he had taken refuge at the Ministry of Foreign Relations of the new Islamic Iranian Government.

That these things should happen in the Iran of Ayatollah Khomeyni is not at all surprising. Let us remember that this high representative of that country's religious hierarchy, along with others of similar importance, has publicly stated that the shah should be drawn and quartered and has promised eternal forgiveness for any member of the Pahlavi family that would murder him. As one can understand, the most minimal notion of human rights does not exist in Iran.

The extreme seriousness of the matter is seen when one realizes that the nation forced to face the problem is nothing less than one of the two most

powerful countries in the world. No government, no matter how primitive or revolutionary it might be, has ever dared to present the Soviet Union with such a challenge.

The international prestige of the United States has recently suffered the most crushing setbacks. Without searching too far, it suffices to point to the shameful crisis of the Russian brigade in Cuba, the manifest strategic imbalance between Moscow and Washington and in particular, the difficult Salt II negotiations. It appears to be a publicly accepted fact that the United States is lacking in political leadership in instances of the important missions which such a country must undertake. Such a lack hurts the entire Western world, whose most important member -- the United States -- daily demonstrates a greater incapacity. Unfortunately, the situation appears to be growing worse inasmuch as the coming presidential elections have launched the Democratic and Republican candidates into a dizzying race, a race in which there is a strong tendency to make decisions in keeping with the public opinion polls rather than based on true national interests.

Actually, the Iranian crisis could not have happened at a worse time. It would not be surprising if the current administration in Washington, pressured by the demands of the coming election and the need to change its image of ineffectiveness, were to adopt extreme positions that would complicate things even further.

When world peace is maintained by a precarious strategic balance between the United States and the USSR, aggressions such as what is currently happening in Tehran have a negative effect on power ratios, given the fact that the prestige of one of the superpowers may be so seriously compromised that it leads to new tests of strength.

In similar situations, France and Israel were able to ensure respect by means of force when it was necessary. In contrast, the United States has let time pass, presenting the image of a weak country that accepts any aid -- even from the PLO, a noteworthy adversary of America -- in solving such a delicate crisis. As one would assume, the passage of time alone does irreparable harm to the United States.

But it is not only matters of prestige that are at stake in this crisis, but also the supply of oil and the definitive position of the United States in an area of great sensitivity in international politics.

These are all reasons that morally, politically and legally justify American intervention or reprisals, even if such action is difficult and painful. The great powers have to assume the greatest risks.

President Carter has indicated that his country will no longer buy crude oil from Iran. It is a decision which the circumstances obviously require.

Nevertheless, the entire world expects other measures that will truly resolve the crisis and restore American prestige to the level of its responsibilities.

CHILE

BOLIVIAN COUP SEEN AS SHOWING FAILURE OF U.S. POLICY

Democracy Not Improvised

Santiago QUE PASA in Spanish 8 Nov 79 p 5

[Text] The most recent cards in the world deck have not been dealt very favorably to the United States, but some of them are largely a rebound from policies deliberately chosen by the United States. Perhaps the most dramatic blow to the pride of the U.S. government is the physical attack by Khomeini's followers on the U.S. diplomatic mission in Tehran. The pretext used by those who invaded the embassy is the temporary asylum given the Shah for humanitarian reasons, and their demand that he be turned over to those who have already sentenced him to death through a process termed "extradition," in a parody of civilized procedures.

Chile has just experienced an authentic case of an extradition urged by the U.S. government, in which the sovereign decision of the judicial authorities, unfavorable to the United States' position, led the State Department to try to "chastize" our country in the recent Inter-American Assembly in La Paz. This was reported in the press recently. It will be of interest to compare the magnitude of President Carter's foreign policy reaction about Iran, where it isn't a matter of a judicial decision, but rather an insulting armed attack.

Less spectacular, but also predictable in its outcome, was the failure of the Yankee intervention in the Bolivian democratization process. With all the limitations imposed by the institutional history of Bolivia, President Banzer's government did provide a respite and managed to lay some bases which are essential for an effective political participation. But this process did not follow the prescription issued by Washington.

More concerned about the appearance of formalities than about the real advances made, the U.S. State Department praised without restraint the dubious formulas for parliamentary transactions which created an image--in the person of Walter Guevara--considered worthy by those regimes that today present themselves in the OAS as newfound models of democracy. This open interventionism went as far as a threat to "destabilize" if any attempt were made to depart from the U.S prescription.

What is happening in Bolivia today is largely unpredictable as to its outcome, except for the shakiness of any political solution there, but events do point out the superficial nature of the diagnoses of the Carter administration and the serious nature of its interventionist attitude. If that is the course advocated as a model, it is neither worthy nor effective.

The entire platform presented in La Paz with an undeniable intent to disparage our own system has now collapsed, with the discovery of these external pressures and the lack of internal consistency. It does not seem very likely that the U.S. foreign policy will quickly absorb these lessons, but at least it does show once again that only what our countries construct with their own efforts and what suits our own values and interests will last and grow on a firm foundation.

Headache for OAS, U.S.

Santiago LA TERCERA DE LA HORA in Spanish 3 Nov 79 p 12

[Article by Maria Eugenia Oyarzun]

[Text] The meeting in La Paz had an epilogue that came as a surprise only to those who are naive or those who had egotistically attempted to manipulate the deliberations of the Ninth Assembly of the Organization of American States.

The Bolivian military coup, which abruptly ended the term of President Walter Guevara and set up in his place Col Alberto Natusch, primarily affects, in its political ramifications, the United States, which tried to impose on the hemispheric meeting its thesis about "democratic governments," giving its endorsement to the crumbling regime of the Bolivian president, Walter Guevara Arze, and the OAS, an organization which is losing a large part of its already diminished prestige.

The statements of the former Bolivian president, Walter Guevara: "This must be a happy day for Chile and for the Chilean people. Everything we have done in the last few months, everything we have achieved within the OAS, is being destroyed by an indescribable deed" allude to the resolution on the landlocked status of Bolivia approved in the Assembly that closed almost with the coup. These statements have no real foundation in fact. For the resolution was merely rhetoric, as we said in our commentary last week.

This resolution is not in any way binding. Furthermore, the Declaration of La Paz, the most important document approved in this strange OAS meeting, does not even mention the word "landlocked," nor does it mention Bolivia in any context. It seems ironic, at least in the Bolivian case, that the statement mentions the need for "the member states to adopt democratic systems of government."

According to cabled reports, groups of Bolivians opposed to the new government have been using tables used during the recent OAS meeting as firewood.

Perhaps this fact, which may also be viewed as symbolic, may make more than one of the foreign ministers and delegates who attended the deliberations in La Paz think. Coups do teach a lesson, and in its 154 years of life as a nation, Bolivia has had 188 coups d'etat.

And perhaps this error on the part of the OAS may lead the diplomats and politicians of the hemisphere to some profound reflections.

During the days while the continental meeting was going on, there was an excess of demagogy and some representatives of governments with a rather dubious democratic past did not hesitate to proclaim the virtues of democracy.

For that reason, in several votes, there occurred the singular situation mentioned in the "Cambalache" tango: "In the shop window were jumbled together, side by side a bible and a 'califont.'"

Perhaps the reason why the United States had the most at stake in La Paz in the efforts to shore up the shaky Walter Guevara government, even though there were indications of the impending change before the start of the Ninth Assembly, is that the State Department had already made its annoyance public.

To avoid the movement against Walter Guevara, the United States and the countries of the OAS supported the resolution that "recommends" that Chile, Bolivia, and Peru settle the problems of Bolivia's landlocked status.

But, as we said earlier, and as recent events prove, it is not its landlocked position that has kept Bolivia in a state of underdevelopment. There are other factors involved for which only the Bolivians themselves are responsible, and which they must solve, factors which make their economic, social, and political life difficult.

It is not because they don't have access to the sea that Bolivia has an illiteracy rate of 60 percent; it is not Chile's fault that in 154 years Bolivia has had 188 governments, which, on the average, gives each one of them less than 1 year in power.

And we could go on and on, drawing similar conclusions.

Perhaps it would be wise not to set too urgent dates for the return to democracy and to an institutional system. There were elections in Bolivia in July 1979. No candidate officially received an absolute majority. According to the constitution, the congress had to elect the president in that case. It named the president of the senate, Walter Guevara. And very soon the congress began to oppose his actions. Guevara then threatened to disband the parliament. He did not do so, perhaps because Col Alberto Natusch Nusch, who termed himself a "nationalist and a leftist," overthrew him before he had a chance. And as the congress censured this action, he naturally dissolved the parliament.

No Bolivian knows how long the new president will last. History is being written at these very moments.

The OAS and its Prestige

What happened at this Assembly will certainly have to be coolly analyzed by the foreign ministries of the countries which are members of the OAS. With all its defects, which are many, the OAS has for many years helped to smoothe over problems in South America. Nonetheless, the recent events and the indifference to legal standards and to the principles of the Charter have been diminishing the respectability of an organization which the nations of the Americas need. It is to be hoped that this "altitude sickness" in La Paz may serve as an early diagnosis, so that the disease can be overcome before it is too late.

PRESIDENT'S DENIAL OF 'POLITICAL OPENING' EXPLAINED

Santiago LA TERCERA DE LA HORA in Spanish 18 Nov 79 p 2

[Article by Juan de Dios Carmona: "It Is Better To Clarify Things"]

[Text] At the president's press conference, a question was asked -- with some ulterior motives -- concerning what has been called a "political opening." After the president's explanations, which denied any possibility of the so-called opening, one journalist sentenciously remarked: "That is why contact with politicians is surprising, Mr President." He was referring to conjectures that have been made about the minister of interior's talks with 11 former senators.

It is therefore necessary to clarify the significance of the talks, held, I understand, at the prompting of the minister. We are using the term "talks" so as to avoid using the word "contact."

The meeting was basically aimed at pointing out the suitability of duly channeling what we shall call the "institutional political debate." Those of us attending believe very sincerely that at this point in the Chilean institutional process, there will be a promotion of the expression of ideas concerning political institutions and the constitutional norms that will regulate them. Consequently, this is natural and fitting when the country is about to hold a plebiscite in order to decide its future constitution. It is because of this fact, rather than for any reason, that we believe it necessary to guarantee the seriousness of the debate, providing an opportunity to take into consideration all proposals suitable for the country that might emerge from it. This also means recognition of a form of participation by the citizenry.

Next, it is necessary to guarantee the most correct development of anything relating to the plebiscite which, as the president has stated on several occasions, has practically been called.

Since both matters might have some controversial relation to the party recess, we believe that they should have been clarified so as to avoid conflict beneficial to no one and above all, because -- and this will also be

a fact -- points of view will be expressed by persons demonstrating interest in public affairs based on experience acquired in previous political activity.

What was discussed had no other purpose.

In order to remove any further doubt, it would be fitting to clarify:

1) that the resurrection of the old party system was not proposed and that no one argued for "pluralism."

Those of us at the press conference are very aware of the need for parties to be able to form as a result of the new political institutionalality, fulfilling all requirements that might be established. They must also be able to emerge in terms of the ideas used to face the new circumstances Chile has begun to experience. Not before.

Furthermore, it is our opinion that a truly fruitful debate in Chile will be hindered by the fact that persons participating in it may be limited by orders, directives or instructions emanating from the leadership groups of the former parties. Freedom of participants is basic in order to benefit the public and national interest.

2 -- It is absolutely false that the minister or any of the participants proposed the topic of the appointment of a "thermal" congress for the period of transition. Moreover, this is a topic that is not the exclusive domain of former politicians. It may be directly dealt with by candidates or those truly interested, if an idea of this kind should come to be formulated. It should not be attributed to those who had no other interest than to contribute something of their past experience to the process in which Chile is involved and without any interest in returning to active politics in the future.

What was actually insinuated during the conversation was the suitability of gradually outlining ideas, by whomever, on the organization of the period of transition. This is a matter that should also be resolved in the plebiscite, as the president has stated, and it should be made known to the country.

The national situation makes it imperative that these issues be dealt with. Last week's events were favorable to what is truly an opening, not an opening to partisan politics, as has been unfairly supposed as a channel for the aspirations of those assumed to harbor ambitions of figuring in public functions. Rather, it is an opening of institutional debate emerging as an unavoidable fact.

The speeches by distinguished foreign constitutionalists at the seminar on the contemporary constitution left behind important ideas and proposals that must be analyzed in our country based on the situation in Chile. The presidential and parliamentary system of government, political parties and their function in modern life, treatment of totalitarian governments and

especially matters relating to the Communist Party are, among other topics of great importance, matters worthy of being debated in depth. The experience suffered by Chile is essential as a guiding element of the debate.

In addition, the strange declarations made by the president of the Group of the 24, Manuel Sanhueza, and the curious publication of a speech by former communist senator Volodia Teitelboim, in which he has the effrontery to maintain that "in the history of our country, no one can assert, based on the facts, that (the Communist Party) ever had antidemocratic leanings," serve public opinion in clarifying once and for all certain matters that should be known as the position of those sectors. Better than any other supposition, their analysis will make it possible to adopt resolutions truly in the national interest.

That is the most important thing of all.

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CSO: 3010

COURT DECISION RAISES ISSUE OF JUSTICE IN CHILE

Santiago MENSAJE in Spanish Nov 79 pp 683-685

[Editorial dated 20 October 1979: "Extradition, the Law and Conscience"]

[Text] The supreme court issued a judgment and closed one of the most important cases it has had occasion to decide. Its refusal to grant extradition of the military defendants, however, left a bitter taste, mixed with a certain anger and shame in some, and amazement and disgust in others.

Judgment Without Appeal

In its opinion, the supreme court based its decision on the fact that, unlike the court system in the United States, our courts "cannot be satisfied with moral convictions to indict or condemn an accused person," "legal conviction being necessary" instead. In other words, the Chilean courts do not judge on the basis of conscience but in accordance with the law. And according to the law, the courts maintained, as stipulated in the 1902 treaty with the United States on extradition and the penal procedures code, "reasonable evidence" of guilt is necessary for extradition, and mere "suspicion" does not suffice. Thus the court dismissed all of the charges against those involved because in none of them was a "precise and direct link" shown between the crime (murder) and what it was sought to prove (the participation of the three officers in the crime). The proof set forth by the United States after long and detailed investigation was deemed by the Chilean court to be "mere opinion, reasoning or suspicion." Therefore, the extradition request was rejected, no cause was found for trial in Chile, and the accused were released, although it was recommended that court proceeding 192-78 begun more than a year ago be pursued, because "there may have been documentary misrepresentation in issuing passports and certificates for false identities."

Apart from the surprising conclusion that to have "reasonable proof," it would seem, what is needed is almost literally the same as what would provide in the words of the ruling "complete evidence" of guilt (preliminary paragraph 17), this supreme court judgment leads us to consider the situation with regard to justice in our country.

When one gives a dispassionate reading to the detailed and documented list of serious charges against the three officers set forth by the court in its own ruling, and the answers of "false" and "that is a lie" given by the defendants, some of which the court itself termed "surprising" and "gravely suspicious," noting the responses which were "absurd, improbable or contrary to the facts established in the proceedings," it becomes very hard to understand how the supreme court could decide that "there is no evidence for indicting" the defendant. And it is not a question of evidence for conviction, but only for beginning an investigation. And even despite the fact that there was perjury. "There is not the slightest doubt that they lied in the extradition proceedings," Judge Eyzaguirre stated. On the other hand, almost the same background material, when examined "on the basis of the strictest legal norms," as the U. S. Department of Justice put it, sufficed to lead the U. S. courts to impose heavy sentences on those responsible (except for the controversial Townley plea) and to publicly charge Contreras, Espinoza and Fernandez with premeditated and treacherous involvement in the crime.

This ruling produced such perplexity (shame?) that the Chilean communications media themselves began to confuse the public, stating that the proceedings were continuing in Chile, and that General Pinochet himself had ordered trial proceeding 192-78 and that he had "ordered an investigation of the murder of Mr Letelier and the presumed falsification of official passports" (EL MERCURIO, 2 October). This morning daily went so far as to state that the two rulings of the supreme court "ordered an investigation of the facts in Chile." But this is not true: The case was definitively closed and there is no possible recourse or appeal. What we do know is that proceeding 192-78 involves investigation and possible punishment of the falsification of passports. Even Judge Eyzaguirre himself began to tell the public that the supreme court would have to issue a final ruling on the matter, although the judgment he himself drafted is categorical and beyond appeal. "As the conclusion reached was that there is no evidence for trying the persons named, there is no basis for bringing suit against them in Chile on the basis of the information contained in this extradition file."

Justice and Confidence

We are well aware that the Chilean court systems suffer from serious shortcomings. For various reasons, not all citizens enjoy the same opportunities to exercise their rights to justice.

However, the function of law and judges and confidence in them are indispensable to the life of any society. Nothing could be more serious than to find that there is not on the part of the judges a "will" to render justice and that, taking refuge in the letter of the law, they frequently hand down unjust sentences or deny justice. This would mean a definite breakdown in confidence in the law as a means of resolving conflict, and a return to the law of the jungle.

When the Chilean court branch appears in fact to be consistently more inclined to support the government actions of the executive branch than to protect the basic rights of the citizenry, it is our fear that the country is beginning to lose that confidence in justice, moving dangerously toward self destruction as a civilized society.

The legitimizing by the courts of the current government, outside the provisions of the constitution, the acceptance of the state of emergency as a permanent situation--these are certainly not consistent with law. The disclaimer of jurisdiction by the supreme court to oversee the military courts in time of war, the systematic rejection of thousands of petitions for relief submitted by the citizens, the refusal to investigate the illegal activities of the government security departments and the reports of the disappearance of persons arrested give the impression, although fully consistent with "the existing legality," of a serious breakdown in justice in our country.

Recently, however, the prison inspection judges who have dealt with cases such as that of Lonquen and Professor Alvarez, dead at the hands of the security bodies, and the remains found at Ymbel provide eloquent proof of what a judge can do, even under the present circumstances, when he is determined to mete out justice. The honest activities of these judges has led or is leading to the discovery of the truth and the identification of those individually responsible, instead of disqualification because personnel in the military sector is involved.

But in general, the courts seem in fact to have renounced the exercise of this corrective function which are their duty when it comes to possible abuses by the executive branch which, as the law precisely specifies, must also be governed by the constitution and the law. The country needs to have confidence in justice, to believe in the real independence of the courts, but this independence must be demonstrated by the real exercise of justice, whatever interests may be at stake. Then, as the bible says, "The work of righteousness shall be peace, and the effect of righteousness quietness and assurance forever" (Is. 32.17). Without justice there will never be peace, nor can the law be any guarantee of safety.

The National Conscience

This extradition proceeding, moreover, is far from being a mere court case. It is a part of a terrorist assassination of an outstanding Chilean politician, of which crime three Chilean army officers are accused.

Apart from its great political significance, this event confronts us with a problem of national conscience. For the conscience of not a few citizens of Chile, despite the almost moral certainty created in so many people by a knowledge of the facts, has moreover served to activate the more subtle mechanisms of psychological defense, in order thus to avoid facing what might mean a breakdown in their confidence in those in whom they heartily believed. Because of a traumatic fear of "returning to the past"--a term pejoratively applied even to the desire to have a "state of law" in Chile--many individuals of good faith and good will do not see (or do not want to

see?) how serious it would be if morality were not important to the country, moving toward implicit acceptance that the end justifies the means. If in the public conscience, purposely distorted by those pursuing political interests at all costs, serious violations of the dignity of individuals begin to be excused for reason of "national security" or modified by "circumstances of war," this would mean that our personal sin against God and man--with all the consequent destruction and death--had already publicly taken over our nation.

But we believe that the national conscience, although still slowly, because of the enormous impact of government television, is beginning to awaken. Unease is growing in many because of the moral deterioration in the country. The cruel end of the Lonquen case, the recent investigations of some prison inspection judges, the amazement felt by many at the impunity of the DINA [National Intelligence Department] officers (General Contreras has even confirmed that he would do the same again if he were once more in charge of the DINA) are causing a healthy reaction in the country, a positive development which may prevent us from pitching into the chasm of lack of confidence in justice and law.

The important thing is not to fall prey to bitterness or despair. For all in all, signs of recovery in society can be seen, and faith tells us that injustice is never eternal. Nor should we be led into violent reaction, which only lead to death. Hope is an active force of God in us, which, while at the same time giving us strong belief in a better future, leads us not to relax our peaceful struggle to achieve it. When nothing can be done to avoid this or that injustice, the Christian knows that in the final analysis the Kingdom of God will always triumph over evil. Our effort must be to struggle to bring this about as soon as possible, but without despairing or yielding to the sterile temptation to take violent shortcuts which in the end will lead neither to peace nor to the brotherhood we want. To struggle--and also to pray. What is impossible for man is always possible for God.

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FUTURE IMPLICATIONS OF DEVELOPMENT MODEL DISCUSSED

Santiago MENSAJE in Spanish Nov 79 pp 709-715

[Article by Juan Carlos Maldo: "Chilean Society--Toward Structural Change"]

[Text] Is the present model for development, with the structural changes which are occurring in Chilean society, leading to the advancement or an increase in the class struggle? The author sets forth the factors for analysis in order to predict the social consequences to which the present developmental model may lead in terms of the future of the country.

First Considerations

Any initial effort to outline an overall hypothesis explaining a social phenomenon to some extent and, above all, designed to suggest conclusions will have a broad margin of error unless it has a methodological basis and adequate imperial support. This warning is important because in the past, some seemingly scientific studies were a means of concealing intellectual incompetence, on the one hand, and the ideology of the authors, on the other. The serious thing is that many of these studies and publications served to support developmental concepts and political positions which proved inconsistent and, in some cases, entirely alien to reality.

The responsibility and, one could say, the humility with which social analysts in this country should approach their task in the future are tremendous, but because neither further reductionism nor new superficial ideologized political positions can serve as the seed or basis for anything solid for this society. Only a mature synthesis of various types of analysis of reality and profound ethical concepts can pave the way to real solutions to the problems of the country.

This work seeks to make an initial contribution to an analysis and discussion of the social consequences to which the present socioeconomic model may lead in terms of the future plan for development, the stability of democracy and social peace.

A Hypothesis Based on the New Model

To clarify our thinking, we will attempt to set forth a hypothesis concerning Chilean society. It could be described as follows: In Chile in the past 50 years, increasingly stratified social representation and organization have been developing, such that that organization has been oriented by the present developmental model toward a form dominated by dichotomy. The key to this real social reversal has been the change in the role of the state in society, on the one hand, along with its reduction to critical levels for functioning in some cases, and on the other, the new form and role of capitalism.

The change in the function and the reduction in the apparatus of the state has been pursued to decrease the role as the rationalizing and ordering center of economic and social life it played in recent decades, handing this role over to an open "market" in which uncontrolled competition has given capitalist enterprise, which has received full support and protection from the state, a new dimension and a dynamics of concentrating power and assets at the expense of the vast majorities, imperfectly served by the state in the past.

A change of this nature and magnitude is of basic importance to the political and social future of Chile. It is not the same thing to build a democratic system on a society organized with a dynamics of stratification as to organize a democracy within a process of dichotomous polarization. To put this in another way, it is possible that the capacity of Chilean society for increasing conflict and radicalization is increasing and not decreasing. And it may be increasing because we have returned to classic capitalism, similar to that at the origins of industrialization, when the need for accumulation was solely the responsibility of a few, at the expense of the impoverishment of a large part of society.

Short Synthesis of Chilean Social Organization

To go deeper into the preceding hypothesis, it is necessary to provide a very brief synthesis showing how Chilean society was organized, particularly in recent decades. First of all, it is essential to recognize that a very unique balance developed in the country between the state and the market. The two distributed roles and opportunities to different groups, that is to say this was a society with a nomenclature reflecting a mixed system in which both state and market played their roles. The process of development on a capitalist basis was, with many imperfections and shortcomings, controlled and to a certain extent directed by society through the state, to which the various social groups had access.

We do not wish to idealize the past on these pages, but it is necessary to accept the fact that the process which led to the change from the dominance of the agricultural sector in the social and economic life of Chile to an urban-industrial base caused the beginning of the development in this country of a productive and functional middle class and an industrial workers class,

which gradually, through the democratic system and more particularly through the political parties, acquired important influence in the state apparatus, which came to play a significant role in directing development and the distribution of opportunities. In this way, the interest of these large social groups began to be taken into account.

Despite the more or less valid criticisms which can be made today of excessive state protectionism in the social development, it is an objective fact that it contributed to giving the various social groups access to a complex of opportunities within the economic, social and political system. The incorporation of the peasants in society was aided by the INDAP [Agriculture-Livestock Development Institute], that of small industrialists by the Technical Cooperation Service, that of the small miners by the ENAMI [National Mining Enterprise], that of the transport workers by the Undersecretariat of Transportation.

It is possible to conceive of this state intervention as a function through which it sought to balance the weight of the various sectors so that in this way, civil society, or a large part of it, would take upon itself the responsibilities of development. What the state was seeking to make possible in not allowing the market and competition to create a social gap between the various groups, since in practice, if uncontrolled, they inevitably favor those who have most resources, was to make possible stratification and, to a great extent, with it, democracy.

The tacit norm for conduct governing various groups dictated that they could not impose their rationality and interests upon the others. It was essential to consider the other disputing groups. Conciliation alone was the method for settling conflicts. Conciliation meant that total conflict was not possible, because this meant imposition by one group upon another. Conflict had to be limited or partial, open always to conciliation. There was no room, so to speak, for a total revolution, for a monopoly on influence or for stubborn refusal.

This process of massively incorporating vast sectors into the social system prior to 1973 suffered from a great shortcoming in the capacity to encourage and promote forms of efficient response to the needs and aspirations of these social groups, through the organized effort of the interested parties themselves. To a certain extent, populism had a great potential and, with it or through it, those groups which proclaimed the destruction of the system as their political goal. We mention this because it is not our desire to idealize the past. It should be noted that Chilean society still faces the question as to what the fact that a real gap exists between the needs and aspirations of the majority and the potential for this economy to satisfy them in the short or medium range means for the future developmental model, the practical behavior of the social sectors, the system and democratic coexistence. Whatever the answer to this question may be, the fact that this society has an awareness of itself and that in its time it has participated to a great extent must be taken into account in drafting a developmental

model. Therefore, to repress the majority as a means to enabling a small capitalist group, taking upon itself the responsibility for development, to determine the socioeconomic system for the country without any type of consensus is basically unstable and potentially suicidal.

The Role of the Middle Class

In a dichotomous scheme it is easy to see the relationship between the workers class and the owners of the means of production. But in Chilean society, the dichotomous structure, although still in existence, was becoming increasingly marginal at the end of the last decade, because of a stratification of groups of interests within the workers class and a vast middle class. A part of the latter is characterized by the fact that its members have a double nature, being both owners and at the same time workers. The other part of the middle class is that which without owning any means of production, dominates a profession or technology. This is therefore what has traditionally been called the productive petit bourgeoisie and the professional and office employees strata.

This middle class came to be very numerous and very important qualitatively. If the vast mass of small industrialists, business men, miners, truckers, taxi drivers, small holders, professional workers, technicians, bank, government and private sector employees are considered together, the conclusion suggested is that both from the socioeconomic point of view and the political point of view, this class has had tremendous importance in Chilean society, in particular thanks to the strength and power of its trade union organizations.

Under the preceding government, its importance was ignored, but worse still, there was a failure to understand its aspirations, values and interests. Perhaps it would be an error to state that there was regression in economic terms, but as an owners class it was effected or threatened. Its social mobility depends on its productive means and the recognition of the professional and technical status and role. To threaten it, however indirectly, is to touch the social groups at their most sensitive point.

Under the present government, the middle class has to a great extent found itself definitely confirmed in its role as an owners, professional, technical or employed class, but in practice it has seen itself socially diminished. First of all because the small owners have not been able or have not had the support to measure up to this level of foreign exposure, the compensation for their work has dropped substantially, leaving many unemployed, in bankruptcy or selling their tools of work, and secondly, because some of the trade union organizations representing them, adopting a government position, have allowed the force and power of their demands to decline. This does not mean that there has not been a transfer of traditional sectors of the middle class to activities which are well compensated today. But it would seem that it is clearer every day, even from recent statements by their trade union leaders, that the effect on this class of the model involves the development of a pole of concentration at the expense of its interests, its

power and its influence. Viewing this fact with the future in mind, one might wonder whether or not a social and political situation is developing wherein the middle class, if this pattern and its consequences continue, will be waging an open struggle against the dominant upper bourgeoisie.

We should not ignore here the importance of the workers class, which has within it also a marked stratification. We have stressed here the importance of the middle class only in order to make clearer the notion of stratification which, we believe, characterized Chilean society prior to 11 September 1973. But we also believe that this class, because of its numerical and organizational importance, is that which gave the system a social balance, a certain counterweight against the extremes, and to a certain extent a nonexclusive influence upon the state and, through it, on society.

Basic Requirements for the Establishment of the Model

What has come to be called the socioeconomic "model" of the present government is nothing other than the pursuit in another context of the path of classic capitalist development in the Western world, under a repressive or authoritarian political system.

It is not a question of using this model solely to increase the growth rate, to improve the foreign trade structure, to regulate the organization of the state, etc. Although many successes in these respects can be observed, what is really being sought, as an editorial in *EL MERCURIO* (1/7/79) said, as did General Pinochet recently, is to bring about a "revolution," that is to say a change in the culture, economy and political system, and finally, the social life of Chilean citizens.

The first step in this process of development is the accumulation phase of the capitalist pole, which assumes the main responsibility for the process. To this end the state is being dismantled and a great and concentrated financial, industrial and foreign trade center created. In this stage, in societies such as that of Chile with a high level of participation, heavy repression is required in order for the main economic group to achieve a sufficient concentration of assets, without social pressure, to begin the second stage. Only in the second stage is the distributive "outpouring" possible. Meanwhile, any center of challenge is repressed, with an attempt to develop, through the full power of the mass communications media, the kind of thinking needed to give social legitimacy to the experiment.

In this first accumulative stage there are two main enemies and one main ally. The state built over the past 50 years and all agents with an organized social base which challenged the rationality capitalism wants to impose under the name "market social economy" are regarded as major obstacles to this model. The main ally is the support of international capitalism, particularly the financial sector.

The state must be reoriented basically in order to support the accumulation effort of the capitalist pole, blaming the excessive interventionism, which does not suit the interests of the majority, as responsible for the evils in the country. What lies behind this antistate attitude, in the final analysis, is the desire of the dominant group to prevent society or rather the majority in the country, from succeeding in counterbalancing the power of the minority in the present or in the future, through control of the state. Therefore, not only is the role of the state redirected and decreased (dissolution of the CORFO [Production Development Corporation], the ENAMI, the Technical Cooperation Service, etc., supporting the middle class and the cooperative organization) but there is a need to establish a "new institutionality," consolidating the socioeconomic change produced and making it impossible for the majority, by exerting control, to modify the rationalizing model and the style of capitalist development of a Manchesterian cut.

The other enemy is any agent capable or likely to become capable of mobilizing and proposing a political and socioeconomic alternative. It is essential not only to prevent the legal existence of the classic Marxist-Leninist parties, but in particular, those which postulate democratic ideals politically and socially. These must be deprived of any possibility to relate to the social base. To do this it is necessary to discredit the whole of the past (although those who criticize it were actors in it themselves), utilizing and constantly reviving the errors committed to eliminate their democratic convictions and their ideological commitments from the consciences of the people, thus demobilizing the vast majorities.

The third basic condition for the establishment of this model is a high level of internationalization, particularly in the style and dynamics of Western capitalist development of the economy and national culture, with the resulting loss of autonomy. It is a question not only of opening the market to international competition, but also of generating the great "confidence" necessary in investors and the private sources of international financing, often paying high political and national defense prices such as, for example, the withdrawal of Chile from the Andean Pact.

Without wishing again to idealize or make a value judgment about the past, it can be noted that the national bourgeoisie which was created during the process of domestic replacement of imports was consistent, to some extent, although overprotected, with the incentives, the goals and the rationality of the overall society. The greater opening to foreign trade was being made feasible through a gradual process, within the context of the Andean Group, the LAFTA, etc. With the current policy of sudden openness to the world economy, this bourgeoisie has been broken up to be incorporated in international capitalism, as agents and servants of its goals and interests.

It is not a question of denying the virtues of the openness to foreign trade, depending always on the rate and timing of such an approach, but rather a question of foreseeing the economic, social, political and cultural consequences of a model like the present one.

In the final analysis, what is being sought in this phase is to establish the psychological, social and political conditions so that the capitalist center can create in the shortest possible time--and without any kind of social or state counterweight--a level of accumulation and power such as to make the domination of the minority irreversible.

The final consolidation of the model, in theory, is the moment at which the now established capitalism has the dynamics of growth and distribution such as to be capable of "coopting" broader social groups and strata every day which will give the capitalist pole social legitimacy.

In other words, it is a matter of the transition of society, given a classic capitalist model, from the dichotomous moment in the period of accumulation to the stratified moment in consolidated capitalism at which it can incorporate various social groups in the system.

The key questions which emerge then are the following. Does domestic and international capitalism in Chile have dynamism enough to justify the hope that within a certain period and under the present circumstances in Chile and internationally, it can consolidate socially, passing from the accumulative to the distributive stage? What will be the heritage, in terms of class structure, of Chilean society at the end of this experiment, and what can be expected as a consequence?

Decreased or Increased Potential for Social Conflict?

Any relatively objective analyst can see one fact, and that is that an effort is being made to establish this model in what might be called a "socio-political vacuum." In other words, an effort is being made to get it to function although the country has not achieved normalcy in national life. This experiment, as has been said, with the strong support of international business, is under the protection of a bell jar, which is basically the power of the armed forces, which have protected the economic group* by means of repression against anyone's hindering the establishment of this model. All of the conditions have been provided by the armed forces. How long can the economic group continue to have recourse to their support? What would happen to the model if the country were to return to democratic life? Would it have social support? Or would another six-year period be necessary before it could be imposed on the majority in the country? What consequences would it have for the future of the country and the prestige and role of the armed forces if an effort were made to impose a socioeconomic and political regime which the majority of the citizens might possibly reject? Is there not a danger of provoking a new radicalization of the country because a national consensus was not established for facing the challenge of development?

* We mean by economic group the civil team both in the public and private sector which in the final analysis makes up a single homogeneous government team, some individuals playing their role in the management of the state and others in private business, obviously with lines of communication between them.

These are the questions which the armed forces, as guarantors of this whole experiment, will certainly have to face at some moment. In a word, can this model succeed?

What is meant here by success is the capacity of the model not only to grow, but to grow at a rate such that it will be possible in the immediate future to meet the growing needs and repressed aspirations of vast sectors of the population. This is the first condition for success. Secondly, it must win such support from the people that the majority of Chileans, under a democratic system, are prepared to give their support to those who publicly claim to be their defenders. If either of these conditions is lacking, no policy can claim to be successful.

One of the basic conditions for success, in relation to the rate of growth to which the model should lead, is a savings-investment rate high enough as to really achieve, in the next few years, economic expansion capable of meeting the social demands of the vast majority in the country, meaning by majority the Chileans inside the country and outside it who want to return. Can this be foreseen with the low rate of investment noted in the six years of this government term (10.6 percent) and the three years of the last government? It would seem difficult thus far to give a positive answer to this question, for we have not seen, with a few exceptions, a significant volume of foreign or domestic private investment with the potential for maturing in the next two or three years. Little can be hoped from the state when to a great extent the present policy rejects its assuming any role in this connection.

It is possible to formulate the hypothesis that investors see the present rules of the game as basically temporary, because they are not the product of a regime with a broad base of support and with a capacity for projection in the future. This government has no national political program with solid support in the country. It is provisional, by definition. In the rationale of the investor, who can guarantee him stability, with certainty, when the majority of Chilean citizens can participate, as is natural, in social and political life? Can there be investment when it is not possible to foresee whether tomorrow there will be the capacity for respect for the rules of the game established by a government which has provoked such controversy and criticism domestically and internationally? This government has been able to obtain credit from the private financial sector, but it seems less likely with every passing day that an investor would risk making long-term investments, given the present government situation, above all in view of the alternatives offered by other countries on this same continent. The sustained demonstration that dictatorships which do not pursue a path of consensus are faced with serious sociopolitical consequences--for example Iran and Nicaragua--will very likely be applied to Chile, where there have existed and will exist major political forces and social organizations which will inevitably review each of the decisions made by the present regime.

If the investment rate does not increase and, specifically, new and massive job opportunities are not created and a policy of redistribution pursued, it does not seem practical to hope that the model will acquire greater legitimacy. On the contrary, the image, which is to a great extent the reality, of the existence in Chile of a concentration of power and wealth on a minority with the vast majority impoverished, even in large middle class sectors, will be maintained. As the model continues to require it, it is foreseeable that after the Labor Plan is implemented, repression of the trade union organizations, which openly and as a majority have rejected it, and of social and political organizations, will continue. Currently the conditions are being established for the upsurge in Chile of a great national movement, if those forces are capable of coordinating it and providing the country with a direction and an alternative.

It is most unrealistic to expect the rational system of a kind of capitalism which does not accept democracy or state intervention or social conflict to be willing to be self-limiting in its expectations of profit, consumption and power. Nothing suggests a change in this direction. The revanchist political blindness of major capital has been a characteristic of these recent years. Why should it change?

It is for this reason that all that be glimpsed on the horizon would seem to be greater radicalization, greater conflict in a society in which the class structure is developing an ever greater dichotomy and therefore characterized by an ever more profound and critical chasm. To which must be added the fact that a larger part of the middle class with every passing day shares the same social representation as the workers class, which has established a pole of concentration in Chile of such power and scope that it has even displaced the middle class which waged a battle against the preceding government in Chile and which has now found itself excluded from the prevailing political, economic and social scheme.

Finally, it would be worthwhile asking whether the present model may not be giving greater validity with every passing day to the analytical bases of Marxism, i.e., the claim that historical materialism is a reality and that uncontrolled capitalism inevitably gives rise to class conflict. It would seem that this is what an effort is being made, with unequalled determination, to demonstrate. Thus far it is succeeding. But once again, the tragic question we citizens of Chile must ask ourselves is what will happen to the country in the future when this dogmatic and elitist experiment which is not based on a consensus or on a broad national agreement collapses?

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CSO: 3010

DECENTRALIZATION SEEN AS SAFEGUARD OF LIBERTY

Santiago EL MERCURIO in Spanish 22 Nov 79 p A 3

[Editorial: "Decentralization"]

[Text] The subject of personal liberty and proper safeguarding of it should be taken into account in the discussion of institutions in which the country is engaged.

The exclusion of communism and of Marxism-Leninism in its political manifestations in general is one way of safeguarding the freedom of the citizens. A truly free society is not a body which is empty and devoid of convictions. On the contrary, it is a solid reality which asserts and encourages whatever favors individual freedom while at the same time blocking the totalitarian and devious efforts of communism.

Decentralization of the country is also an important safeguard for freedom. In fact, the trend to concentrate power, that is to say to establish, consolidate and accumulate it in a single center, works against the development of the liberty of the citizens and leads to civic and economic anemia in the country.

Decentralization has pursued two paths under the current regime.

The first of them is regionalization, involving the establishment of territorial groups designed for self-management with administrative autonomy in a complex of fields, without prejudice to the continuation of the single regime on the political and legal levels. The fact of the establishment of regional budget administrations alone represents an advance toward decentralization, but it is possible that many more steps will have to be taken, not only in the public sector but in the private initiative field as well, in order to strengthen regionalization.

The other path toward decentralization is economic liberalization, with its two tasks, to wit: decreasing the size and responsibility of the public sector, while at the same time turning initiative and responsibility over to the private sector.

Those seeking a democratic institutional system in Chile but nonetheless failing to see that however perfect its theoretical designs may be, it can be destroyed from above by a concentrated power prone to intervention, should examine regionalization and the market economy from the point of view of safeguarding liberty.

One of the experiences of modern political theoreticians is that the triple division of public authority and the constitutional safeguards are not sufficient obstacles against the growing bureaucratic invader, against the tyranny of the trade union confederations and the crushing of individual freedoms. The Chilean democratic experience itself teaches how the democratic principles and mechanisms have been used to destroy democracy. The true defense of freedom for the individual lies in a decentralized system, based on regional units and, in particular, the foundation of broader liberty for individual decisions, through the market system.

Our country is in a privileged position to plan its own institutional future. There are no great political pressures influencing the process or urging it in a given direction, except the pressures coming from abroad which should be rejected for reasons of honesty and patriotism. The foundations of the regionalization process are being established and it is to be hoped that decentralization will strengthen the authority of the mayors and give proper freedom of movement to the governors and intendants. Meanwhile, reduction of the bureaucracy, the new health structure, implementation of the educational directive, the Labor Plan and the social security reform are establishing guidelines consolidating the process of freedom for individuals, the process working toward self-assertion for Chileans. However, the public economic sector is too large, bureaucracy has not been defeated and the interventionist evil survives. But the path toward freedom is clear and it must be pursued with determination and calm.

Chile is resolving its economic problems and will resolve its educational and social problems with formulae utilizing world experience and our own. The solutions are being implemented in an atmosphere of order, peace and objective examination of the reality. The basic institutional system, that of a political nature, will have to be achieved by the paths and with the same steps, in a formula utilizing our permanent national values and reflecting the modern and open country of the future.

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CSO: 3010

GROUP OF 24'S WORK ON NEW CONSTITUTION ASSESSED

Santiago MENSAJE in Spanish Nov 79 pp 686-689

[Article by Diego Rodriguez: "The Group of 24 and the New Constitution"]

[Text] After a year of work, the Constitutional Studies Group, known as the "group of 24," has made known what it regards as suitable foundations for the constitutional reform the country needs. The refusal of the government to allow the group to hold a public meeting in a theater to announce its position provoked animated discussion.

The "group of 24" includes specialists representing various ideological trends and coming from all sectors of national life. They have done intensive work to make their contribution to the solution of the institutional breakdown Chile has experienced in recent years. The proposals announced are the result of 76 sessions held by the main committee and 250 subcommittee meetings. The main committee includes experts on constitutional law, but persons with widely varying expertise have participated in the subcommittees: economists, sociologists, welfare workers, trade union leaders. The group has worked mainly in the capital, but also has numerous branches in the provinces. Partial results of the work done has frequently been submitted to popular social organizations in order to expand the basis of discussion.

A certain press sector has reacted violently against this group. On the other hand, EL MERCURIO urged that the group of 24 be heard.

The Context of the Political Recess

To the angry statements by the minister of interior accusing the group of disrupting the political recess and adding to "foreign pressures" to upset the stability of the government, the main committee of the group replied as follows (see EL MERCURIO, 30 September 79):

"We are neither a party nor an alliance of parties, nor is our task any other than that we are carrying out and revealing publicly since our establishment: to find a basis for agreement among Chileans from all sectors and trends on the foundations of a truly democratic constitutional order for Chile."

And it went on: "What is truly harmful to Chile abroad and weakening to its regime is the fact that for so long Chileans have been deprived of universally recognized basic rights, and that the government ignores the rights and norms which it endorsed itself in its constitutional documents and decree laws.

"The governmental decree laws and regulations dissolving the political parties and calling for the so-called "political recess"--which of itself affects basic human rights--do not forbid Chilean citizens to express opinions about the institutional future nor to meet for the purpose of making those views known."

The minister, in turn, responded that "The public expression of the views certain persons may have about the constitutional issue" does not constitute "a disruption of the political recess in itself," but the meeting sought a "political goal" in violation of the recess.

The reader and the ordinary citizen may in the final analysis lose his way among these bizantine distinctions. Is it not inevitably a political action to make public views about the political constitution of the state? Do the members of the government making public statements, in particular those pertaining to our new institutional structure, not engage in politics every day?

The basis of the problem is not whether or not one is engaging in politics--because there is no public life without politics--but rather the framework imposed by the government on the constitutional discussion. This framework excludes: 1) Any questioning, "direct or indirect, of the legitimacy of the present government," and 2) Participation as "valid agents in Chilean civic life by those who propose ideas or are members of movements with a totalitarian content."

Those who do not accept this framework are either not serious or acting in bad faith, which suggests to us at least the following considerations:

- 1) Any democratic proposal tends to question the legitimacy of the de facto government. The legitimacy of a government cannot be based on the results of a Gallup poll or similar methods, but on the popular will, freely expressed.
- 2) It is surprising that a regime which in fact has controlled all of the political power for 6 years is seeking to discredit those who would like to control the whole of the political power. Totalitarianism can only be combated from a position of democracy.
- 3) Universal experience has shown that totalitarian ideas cannot be opposed, in the long run, either by repression or by means of arms. Ideological repression is not a long-range solution, and only contributes to making the chasm dividing Chilean citizens deeper.

In this connection it is worth remembering the comments the Constitutional Studies Circle headed by former Senate President Hugo Zepeda made of the constitutional proposal drafted by the Ortuzar Commission:

"To prevent, indiscriminately, the return of certain political parties as factors in power, the constitutional text provides for a generic prohibition against any group of a "totalitarian nature or based on the class struggle," without clarifying these terms with such wide variation and meaning.

"There is an obvious danger of leaving to the courts or to the implementation of a constitution by the public authorities themselves the interpretation of terms which are not defined either by the earlier text or by the doctrine of those drafting the document, and under circumstances in which it is entirely probable that the group which triumphs politically will attempt to apply them, because of their vagueness, to the defeated party, and in any case, in a sense very different from that assigned to it by the present writers.

"In this delicate sector it is necessary to remember that it is not so easy to detect ideological concepts in the minds or the thinking of citizens or groups as it is to punish practical actions of unjust violence in accordance with the penal code. . .

"It is essential to adhere to the dictates of political science, which teaches that it is where the ideological neutrality of constitutions ends that the real "totalitarianism" of any extremist group begins." (See BOLETIN INFORMATIVO No 3 of the Constitutional Studies Group.)

In reality, a leftist dictatorship can maintain, and not without reason, that economic liberalism makes the class struggle more acute, excluding, as a result, the political parties with a liberal orientation. Thus the framework which the minister of interior regards as "obvious" is not that at all, particularly for experts in constitutional law. And in fact the countries with long democratic experience--such as those in Western Europe--have considered exactly the opposite "obvious"--the granting of the fullest freedom to think and to express political ideas publicly.

Constituent Authority and Democracy

Within the limits of this article it is impossible to report in detail on the lengthy document published by the group of 24. We will therefore limit ourselves to an overview, with stress on the aspects which seem most important to us.*

* For a complete examination of the economic system proposed, see "Constitution and Economic Order" by Edgardo Boenninger in MENSAJE, No 281, August 1979.

The group works from the principle that a political regime, in order to be legitimate and enduring, must be the expression of the "common feeling of the people," in other words the basic ideas shared by the national community, and for this reason it has tried to propose solutions with which the largest possible number of Chileans can agree.

The first results of this principle is the need for the election of a constitutional assembly which broadly represents all national sectors and trends, and for the people to express their views in a free and informed fashion about the proposals of that assembly. This requires, naturally, that voting registers be established and that a procedure of free and secret balloting be guaranteed.

The group of 24 rejects the thesis ascribing the political crisis in Chile to a presumed "breakdown" of the democratic institutions, maintaining instead that "this crisis had political, social, economic and ideological causes making the structuring of a truly majority social proposal in the national community impossible."

They maintain moreover that democracy alone, without restrictions, is consistent with the historic traditions and the spirit of freedom and justice characteristic of the Chilean people. This involves a rejection of an attempt to establish frameworks or limits to the expression of the popular will, and the reassertion of the right of the people to govern themselves. It entails recognition of the right of the majority to govern and the right of the minority to pursue the struggle to become a majority.

This right of the people to control power must be expressed through the periodic renewal of government leaders by popular elections, and through the active and organized participation of the people in the political, social, economic and cultural life of the nation. Political and social participation requires two types of institutions:

a) Political parties, playing an indispensable intermediary role between individuals or groups and society as a whole.

b) "A network of intermediary organizations to facilitate the relations of the state with civilian society, reducing the distance between those who govern and those who are governed. Given autonomy and a real capacity to effect collective decisions, they express the various economic and social interests and are necessary in order to institutionalize the responsible participation of the people."

Finally, it must be stressed that according to the group of 24, democracy presumes "loyal respect for the principles and rules of democratic co-existence," "excludes the use of violence as a method of political action, and demands penal sanction of conduct in violation of those rules and principles." These statements are important because they have been underwritten by all the participants in the group, which includes many individuals

from the left wing. There is every indication that their support of this thesis is not a simple opportunistic choice, but is the result of a profound revision of the thesis of the dictatorship of the proletariat by the Chilean left wing. The suffering in these recent years has not been in vain.

The Presidential System and Stable Majorities

One of the basic concerns of the group of 24 has been to find a formula simultaneously allowing respect for the presidential tradition of Chilean democracy and the establishment of rules which will facilitate the development of stable government majorities. And they have not found just one formula. Therefore they propose two, so that the people can choose that they deem best.

Both of the alternatives proposed deem it indispensable, if no candidate for the presidency of the republic wins an absolute majority, to seek electoral definition by a popular vote on the candidates winning the largest majority. In this way, any president would take office with the support of the absolute majority of the citizens. It has been realized, however, that this "second round" of balloting in the French fashion does not resolve the entire problem. In fact, many citizens may elect the "lesser evil" and proceed to join the opposition.

In addition to this reform, the first alternative calls for various changes in the presidential system established by the 1925 constitution. The changes which appear to us to be most important are the following.

- 1) Simultaneous election of the president of the republic and all the deputies and senators every five years. This would make it easier for the president to obtain a majority in the parliament.
- 2) Establishment of the post of vice president of the republic, to be elected on the slate with the president and to replace him in the event of temporary or more lasting incapacity, and to serve as president of the senate as well. The existence of this post would facilitate the establishment of broader coalitions, since the minority group could be represented by the vice president.
- 3) Provisions are made for a plebiscite to resolve disagreements between the president of the republic and the congress on matters of great importance.

The second alternative proposes a "semi-presidential system of government, with the division of the executive functions between the president of the republic as chief of state, and the prime minister as head of the government. The functions of arbiter of political power, representative of the state and promoter of national integration would fall to the former, and the contingent political functions to the latter." The chief of state, who would serve a term of 7 years, would have various duties, the most important being the

appointment of the prime minister, with the agreement of the chamber, and the dissolution of the chamber in the event that it rejected the appointed prime minister (calling new elections within a period of 60 days). The prime minister for his part would appoint the other ministers of state, and take the initiative in proposing laws and constitutional amendments, issue commentaries on the draft approved by the congress, appoint the higher level heads of public departments, etc. If this alternative, which is similar to the French, German and Portuguese systems, were accepted, the prime minister or cabinet leader could be removed by the chamber if it passed a vote of constructive censure, that is to say, approval by an absolute majority of the deputies containing a government program and proposing a new prime minister.

The reader may perhaps wonder if this alternative does not perhaps represent a return to an inefficient parliamentary system. Its sponsors believe that it guarantees effective government in accordance with the choices of the majority, with severe requirements in order to change the prime minister, while giving sufficient authority to the chief of state to guarantee the continuity and permanence of the state and national integration.

What is certain is that both alternatives seek to ensure that the government will represent the popular will as faithfully as possible, while at the same time preventing its being blocked in its action by a conflict with the congress. It will be for the people of Chile to decide which of the two seems best to them. What is involved is a difficult and narrow path, much more difficult to travel than the high speed highway of dictatorial ukases. Without a doubt dictatorships have a kind of efficiency to which democracies cannot aspire (a democratic government could doubtless never have built the Egyptian pyramids), but the values of democracy make dealing with the difficulties along the way more than worthwhile.

Reform of the Court System

We cannot conclude this commentary without mentioning at least one of the most important and novel aspects of the proposed reform: the changes in the court system. Alarmed because "in recent years the judicial crisis has taken on a dramatic aspect, due to the incapacity of the system in general to safeguard basic human rights," the group of 24 proposes that the administration of justice cease to be a mere state activity with no more independence than that of any autonomous public department, becoming a true branch of government, a guarantor of the state of law, endowed with real autonomy and independence of the other state authorities. To achieve this the court branch should go beyond the mechanical application of the norms, making a continuing study of the national juridical needs and concerning itself with meeting them. Put in simpler terms, the group of 24 proposes that the courts concern themselves less with the law and more with justice.

More concretely, they urge the establishment of a national justice council, made up of experts including representatives of the branches of the state, the academic and other social sectors, whose main function would be the

formulation of a policy of justice, in order to satisfy the juridical needs of the country. A change in the court roster such as to make it more flexible is also proposed, and, more important, the post of supreme court judge would be excluded from that roster. This post would be filled by the president of the republic directly, on the recommendation of the national justice council. A third of the judges should be selected from outside the judicial profession in order to supply the supreme court with broader information on the social reality.

It is difficult to foresee which of the resolutions established by the group of 24, integrating the contributions made by Chileans from all sectors, may cease to be mere proposals and become motive concepts guiding our national life. But there can be no doubt that they represent a valuable contribution to the search for a consensus and for peace, for the exercise of human rights in all their fullness. These proposals should be broadly disseminated and should become the subject of profound democratic discussion with the broadest participation by all social organizations. Will this be possible? The dreams of today are the realities of tomorrow.

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CSO: 3010

HUBER MATOS, SPANIARDS CENSURE CASTRO REGIME

Interview With Huber Matos

Madrid EL PAIS in Spanish 30 Oct 79 p 6

[Interview with Huber Matos, by Angel Luis de la Calle; in San Jose, Costa Rica, date not given]

[Text] Huber Matos, 61 years old, commander in the Rebel Army that overthrew the dictatorship of Fulgencio Batista in Cuba in 1959, spent four decades in Cuban prisons, accused of treason. His sentence completed under the most adverse conditions, Matos, a former social science professor in Manzanilla, a soldier in the Sierra Maestra and a commander in Camaguey, has regained his freedom and automatically become the most worrisome critic of Castro's regime. In San Jose, Costa Rica, where he is spending a few days with his wife, children and grandchildren, Huber Matos spoke with Angel Luis de la Calle, special correspondent for EL PAIS.

"I have never stopped being a revolutionary. Ever since I began to think, as an adolescent, I have been a revolutionary and I will die a revolutionary. Time has shown the false image that Fidel Castro tried to present of me as an adventurer, a person without scruples, ambitious for power. I am a revolutionary because I identify with freedom, justice, progress and the cause of mankind. And in my case, feeling that I am a revolutionary also means feeling identified with the cause of the freedom of all the Latin American nations," Matos said.

"Great Injustice"

[Question] You broke off from the Cuban Revolution and it would appear that that was the reason why you spent 20 years in prison. What was the reason for the split?

[Answer] First of all, I must say that my imprisonment was a great injustice for several reasons: because of the judgment itself and because they threw into a cell a man who had been slandered, defamed, criticized, and who had no chance to defend himself. The reasons that caused me to break off from the revolution are very simple: We fought, we came to power

after defeating the Batista dictatorship. We had promised the people freedom and the nation sovereignty and independence. We had promised other fine things as well, such as agrarian reform, industrialization, literacy, a whole program of social justice and progress. But the development of the revolution took a direction different from what we had promised. I remained completely loyal, completely faithful to the initial ideals. I was in no way in accordance with the distortion of our revolution, with the conversion of our country into an echo, a dependency of the Soviet Union.

[Question] How did you make your decision known to Castro? Under what circumstances were you arrested?

[Answer] I decided to leave the revolutionary ranks before the deviation became a visible, real fact. I had seen the gradual appearance of signs that warned me and it finally became clear to me that I could not continue to defend something that went against my ideals. I therefore requested my discharge and in a private letter to Castro, I explained the reasons that led to my irrevocable decision. After a terrible morning, during which they accused me of all kinds of crimes, vices and plots, they arrested me. Fidel then set up a sham trial, directly appointing the judges from among his direct, immediate collaborators and personally appearing as the principal witness for the prosecution. When the verdict had been handed down, I was already in prison and I had to face the real meaning of injustice, the offenses and prospects of arbitrariness, mistreatment and abuses that awaited me.

[Question] How did you manage to get through all those years?

[Answer] I can tell you categorically that at no time did I lose heart; at no time did my spirit flag. I believe that I am a man of principles and that time has shown that I am not an adventurer, as Castro tried to make people believe. When a man has training, opinions and convictions and is capable of being loyal to principles, he can stand any test, no matter how harsh it may be. That is why I can leave prison, after suffering through every single hour of the 20 years of my sentence, with the satisfaction of knowing that time has proved that the real traitor of the Cuban Revolution is Fidel Castro and that in my case, there was nothing more than loyalty to the principles and doctrines formulated in the days when we fought in the Sierra Maestra. I am old, physically and morally mistreated, but I am whole and know that I did my duty.

[Question] Did they pressure you to abandon your stand?

[Answer] A few days after I entered prison, there was an attempt at blackmail. They told me that if I kept quiet and agreed to the charges that they were making against me, I could go home. I reacted almost violently. I told the messengers to tell Castro that if he wanted to buy my silence, he would have to shoot me 100 times over. Then they resorted to punishment, isolation, as ways of softening me up. Of the 20 years that I spent in prison, I was held incommunicado for a total of 16. I once spent over 7 years without a single visit. I spent another year isolated and naked.

On another occasion, I went for over 12 months without seeing the sun, shut up in a tiny cement room. They often beat me and they denied me medical care. I lost nearly total use of one arm because of it. I have material from these experiences which I want to put into a book. They frequently took my notes away from me but they could not get at my memories.

[Question] A few days ago at a press conference, you said that if Camilo Cienfuegos had not died, your trial would have been fair.

[Answer] That was not a categorical affirmation. I believe that despite his statements against me, Camilo's attitude was a tactic. When he went to arrest me (Castro sent him because he knew that our relations were good and that that would eliminate any conflict), he asked me to forgive him. "Look, kid, they have sent me to do this," he told me. I have the feeling that if Camilo had lived, he would have tried to see that I had a fair trial.

[Question] Do you have any theories about the death of Cienfuegos?

[Answer] In the book I intend to write, I will explain my opinions on his death, but I must say now that they are only opinions.

[Question] Could you be a little more explicit?

[Answer] I am sorry, but I can only add that I was very sorry about Camilo's death.

[Question] Many persons maintain that if the United States had helped Castro in the early days of the revolution, the regime would not have turned to the Soviet camp. What do you think?

[Answer] That is a gratuitous observation, completely groundless. I can say with authority, based on my knowledge of Castro and his collaborators, that the Eisenhower government was completely removed from the direction that the revolution took. Castro planned his betrayal, his surrender of the independence and sovereignty of Cuba in order to perpetuate his own power forever. I refuse to say that Castro was even a communist. Fidel is a great pretender, a great actor. He deceived, used tricks, dirty maneuvers, to remain in power. Nothing the Americans could have done would have changed the treasonous course which Castro gave to the Cuban revolution. The blockade and the international isolation were nothing more than the consequences of that attitude. There is no justification, either dialectical or historical, for the path taken by the Cuban Revolution in the decision of the American countries to turn their backs on Cuba. If Castro had been born a few years earlier, when fascism was on the rise in many European countries, we would have seen him in the fascist camp. Fidel is a "communist of convenience," incapable of facing a democratic structure that would require allowing others to take power. Castro is nothing more than a boss who enjoys the Cuban holdings of the real owners, who are in Moscow.

No Fear

[Question] You say that you were tortured and persecuted during the 20 years you were in prison. Are you now afraid for your life?

[Answer] I do not like the word "fear." I do believe that just as they tried to break me down in prison, unsuccessfully, and just as they tried to keep me in prison, unsuccessfully, Fidel may now have the hope of having me shot in some city. But that is not going to stop me. I am going to travel and say what I think I have to say. I was a soldier and I am not afraid of being killed. If they attack me, they had better have good aim because I will respond.

[Question] In Central America and Latin America, there are peoples living in exploitation, poverty and backwardness. Do you believe that these problems can be solved by means of parliamentary democracy as a political formula?

[Answer] Every nation has its specific conditions and one cannot speak in abstract terms of general formulas valid for everyone. There are values that are common to everyone, such as justice, freedom, progress. What is right in the United States may not be so in Paraguay; Argentina is not like Haiti. One must realize the peculiarities of every nation. In Spain, for example, we are witnessing a phenomenon that could not have been repeated here: After a long dictatorship, after a long, dark night, a constitutional monarchy is succeeding in guiding the country down the paths of democracy. Such an evolution would have been impossible in Latin America.

"Freedom of My Fellow Prisoners"

[Question] You consider yourself to be a fighter. How do you plan to help your people?

[Answer] My first duty is, with the help of everyone, to gain the freedom of many comrades who have remained in prison. That is an unavoidable moral commitment. Allow me to tell you about a very special case. There is a prisoner named Silvino Rodriguez Barrientos, for whose life many of us are afraid. That comrade has always maintained a position in direct opposition to Castro. When he was about to complete his 12-year sentence, they gave him 9 more years. He was accused of "plotting." Furthermore, he is a Catholic activist. That is a serious crime in Cuba. Maintaining one's faith, religious convictions, holding a Catholic holy day, putting up a Christmas tree -- even if it is a broom handle! -- means punishment. On one occasion, they gave him a terrible beating because he would not let go of a crucifix. They have now threatened to kill him. Some time ago, they tried to do so in my presence but we prevented it. I must ask that the fact that I point out the very special case of a comrade in danger not dilute the efforts that must be made for all the Cuban political prisoners. Some still have 12, 13, 16 years left to serve. If their situation is not solved soon, there may be many who die or go insane. Many cannot bear the living conditions in the Cuban prisons and lose their minds.

Everyday Life in Nation

Barcelona LA VANGUARDIA in Spanish 28 Oct 79 Supplement p IX

[Article by Alberto Míguez, Havana, October 1979: "Twenty Years After the Revolution"]

[Text] More than 20 years after Fidel Castro's triumphant entry into Havana, the Cuban regime is still on a war footing. Despite the efforts made by its leaders throughout the months of August and September to thwart the curiosity of those who arrived on the island for the first time to attend the Conference of Nonaligned Nations, the difficulties from which the country is suffering are strikingly obvious.

The first thing to hit the decadent, consumer-oriented Western traveler is the lines. In the Cuban capital, in addition to being a necessity, standing in line is a custom. One has to stand in line for everything: to buy bread or an ice cream cone, to buy anything printed, to get into a restaurant or go to the beach. Some of my Cuban friends told me that some of the lines are useless and could be eliminated, but first, one would have to get rid of the inertia of people accustomed to waiting their turn, even without knowing precisely what is being sold or distributed.

Without a doubt, the lines for the restaurants are the most spectacular. While the Floridita, Monseigneur or 1830 are reserved for visitors, illustrious tourists or high party officials and are nearly always empty, the rest of the places where food is served are overwhelmed by the hundreds and hundreds of Havana residents whose monthly food ration coupons have run out and who must go to the small restaurants to satisfy their appetite. The lines in front of the lower-class restaurants -- no longer really lower-class, since egalitarianism has equalized the service and quality of food -- grow considerably longer at the end of the month and shorter at the beginning, when housewives have received the new ration coupons and can allow themselves certain whims. When we went to a restaurant we had chosen, my friend hesitated: "Something is wrong; there's no line." The sight was in fact unusual; no one was waiting in front of the door. We went in and there were even tables free. A sleepy waiter gave us the "menu" and after a long consultation, we learned that only 2 out of the 30 choices offered could be had. The worst came later: The waiter told us that the cooler was not working, meaning that there were no cold drinks (the temperature was over 35° C) and there was no bread and butter. "That's the reason!" my friend exclaimed. "That's why there was no line!"

The line as an institution is present in all facets of Cuban life, even in the most unusual. They told me that even at the hotels or meeting places in Havana, there were once long lines of couples, especially on Saturdays. The situation bothered the sector officials, who did not deem it to be "enlightening." Consequently, one imaginative individual decided to change the system by imposing the innovative use of numbers or tickets given out

in the order of arrival. With their number in hand, the couples would then wait somewhere in the area. Then, when a room was free, the receptionist would go out and shout over his megaphone: "Number 43!" The lucky couple, which sometimes received an ovation -- the Cuban people have managed to retain a stubborn sense of humor over the years -- then went to their "lovenest."

As a result of the system of points or coupons, there are no longer long lines, at least in front of the big grocery stores. The best system of rationing is one in which the prices are so high that the products are out of reach for the great majority of the people. General Pinochet and his "Chicago boys" made this mind-boggling discovery in Chile. Cuba has its own approximate version: the so-called "free sale."

The "free sale" products are incomparably more expensive than those that are rationed. For example, men's levis cost 170 pesos (about 16,000 pesetas), a pair of shoes of average quality costs over 100 pesos (9,300 pesetas), and a "free sale" shirt is about 30 pesos (nearly 3,000 pesetas). The basic wage in Cuba is usually under 120 pesos (about 11,000 pesetas). The difference in price between these products -- which are of better quality than those which are rationed -- and those bought with coupons and identity cards is considerable. A curious black market has been set up in the lower-income areas: As the result of orders from above, every Cuban has the right to one shirt, one pair of pants, shoes and underclothing. But some modest citizens do not need so many supplies and sell their option to those more fortunate or vain -- at a profit.

However, the best way to obtain products not to be found on the market is to have a tourist, visitor, guest of diplomatic official buy them at a "store for foreigners" found in the hotels or at a "free shop" for the diplomatic corps. These stores have everything the average Cuban could want: slippers, Japanese watches, blouses "made in Hong Kong," transistors, even whiskey! The difficulty lies in convincing a foreigner or diplomat to commit this minor infraction.

Fortunately for the country's social balance, those who have lived in Cuba for some times are less strict than the revolutionaries who are always in search of some noble, remote cause for which they may express their generosity. For the diplomatic corps assigned to Cuba -- I am naturally speaking of the representatives of the corrupt Western democracies -- the "black market" for foreign products is at one and the same time an advantage and a disadvantage. It is an advantage in the sense that it provides them with ways to solve the thousand and one problems of daily life, simply by handing out English shirts, American ball point pens or bottles of gin to the legions of cleaning ladies, chauffeurs, plumbers, gardeners and guards that surround them. It is a bother because they have to spend hours every week going from store to store "for foreigners" looking for the right size, color or shoe.

A friend of mine who is a diplomat and who has lived in Cuba for several years told me that her servant did not even want the basic wage which the authorities required that foreigners pay workers (through the departments of control, naturally). My friend's servant worked "for free," but demanded in exchange that part of her wage be paid in imported products from the "diplomatic free shop." The greatest portion of her earnings came from the sale of these products to her neighbors.

"We are blockaded. Imperialism is responsible for the high cost of living here." This claim has been widely used by Castro's leaders over the past 20 years, but the argument is less and less convincing, especially for the young people. The Cuban leaders have given priority to certain types of expenditures: military, luxuries, sports, to the detriment of others (housing, individual consumption, food), following the Soviet pattern. It would be absurd to deny the impressive efforts and achievements made by the revolution in the fields of education and health. But the new generation, born amidst scarcities but exempt from the revolutionary mystique of their parents, are less and less receptive to the rhetoric of "proletarian internationalism" and "socialist solidarity." According to the specialists in "Cubanology," that is the Achilles' heel of the Castroite system. Just as in the cases of Franco, Stalin and perhaps Mao, young people are waivering back and forth between indifference and rejection.

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POLITBURO MEMBER NOTES DEFICIENCIES IN YOUNG COMMUNISTS

Havana JUVENTUD REBELDE in Spanish 1 Nov 79 p 2

[Speech by Jose R. Machado Ventura, member, Political Bureau, Party Central Committee, at the close of the National Conference of the Provincial and Municipal First Secretaries of the UJC, on 31 October 1979: "Our party does not forget the role which it must play in this struggle of the glorious youth organization--as always, we count on it in the first line of combat"]

[Text] Comrades,

While we can say that this meeting is important and useful, we can also say that the occasion and the moment of this meeting could not have been better. We still have resounding in our ears the words of Army Gen and Second Secretary of our party, Comrade Raul Castro, during the ceremony commemorating the 20th anniversary of the physical demise of our dear Camilo.

For my part, I have been informed in detail above all on the development of the meeting and I believe that we have really in part accomplished the objectives that have been set; I say, in part, because although what we took up here was important, it is even more important for the cadres present here to be capable of passing on to the other cadres and the base organizations which they run the guidelines that were issued and it is even more important to make sure that they will be carried out the way they were drafted by the UJC [Union of Young Communists] leadership bodies.

I am not going to try to review and evaluate all of the problems and tasks which you analyzed; I only want to use this opportunity to talk about those items which I consider to be of greater importance although that does not mean that the others are not as important because we have discussed many interesting things here; but I do want to stress or expand upon or develop in depth those which in my opinion deserve greater attention on our part.

I must mention the Seventh Plenum of the UJC National Committee which has gone down in history because of the presence, the participation, and the reliable guidelines given by the First Secretary of our party, Comrade Fidel.

The Plenum paid tribute to the results achieved in recent years; it subjected the work to a profound critical analysis and it evaluated the limitations and deficiencies which obstruct the satisfactory accomplishments of the missions the organization is currently involved in. Hence the importance of making sure that the discussion process will be carried out with full quality down to the base, that is to say, the discussion on the Resolution of the Seventh Plenum, so that all militants may know its content; we promote the critical, calm, and responsible analysis on those problems which come up and which, in one way or another, are manifested as deficiencies in the functioning of the base organizations; we bring out the extent to which Communist Youth implements a policy of intransigence and exigency in dealing with errors and wrongdoing; we pay tribute to the exemplary behavior of the militants, their aggressiveness and their critical and self-critical spirit; and we determine the measures and tasks which the base organization proposes to tackle in order to guarantee compliance with the resolution. In this way we will be consistent with the words of Fidel when he said:

"I believe that the most important thing, the idea which we must take with us from this Plenum, is the need which the country has, the need which the party has, for having the UJC support us in this struggle which we must fight in order to achieve much greater exigency, greater intransigence, intolerance, toward cases of negligence, weakness, errors, indolence, this battle for what we here call aggressiveness, the struggle against wrongdoing, which is not and cannot be handled with a simple 2-month or 3-month or for that matter 20-year campaign if we love our revolution."

"And it seems to me that the younger generation," he pointed out later on, "must occupy a vanguard position in this. Yes, yes, youth must be more stubborn than ever before and more intolerant than anybody else, more inflexible than anybody else in this fight against any manifestation of weakness, against any manifestation of accommodation, against any manifestation of lack of austerity, or any manifestation of corruption; this is what we must fight to the end."

It seems to me that these words of Fidel issued us the order to fight while at the same time they summarize the role of youth.

This struggle implies that the UJC must engage in a relentless analysis of deficiencies and weaknesses contained within itself so that the demands placed upon the others will first of all involve the demands which one places upon oneself.

This battle then means, as far as the UJC is concerned, first of all, a struggle to achieve exemplary performance among the militants so that this may set an example at any moment and, starting with this example, this will provide spirit and prestige for the young communists, it will become an essential factor in the fight against errors and wrongdoing.

Fidel referred to the [high school and college] students as the most critical sector in the work of the UJC, especially the pre-university students and, with even greater emphasis, the university students. The danger of weakening in student work is something which he described as the worst thing that could happen and he explained that the struggle for the social makeup drawn from worker circles--which is something that must constantly be given impetus--cannot create the idea that work among the college students can be neglected; this as a matter of fact is one of the most important issues faced by Communist Youth.

Likewise, work among teachers and professors constitutes another sector that requires special attention. In this respect we must ask ourselves:

How many militants do we have--including instructors and administrative personnel--in places where there is cheating? How many do we have in places where there is indolence in the application of the guidelines from the economic management system; indolence toward accomplishment of production plans or where violations are committed against labor legislation?--just to mention a few examples.

All of this underscores the insufficiency still existing in the functioning of the base-level organizations and not in their case alone but also in the municipal instances which are responsible for directing, controlling, and guiding them. Whenever we have a situation such as the one described above, at a work center, at a service or study center, they must provide the motivation for a profound analysis, a total review, and consequently the taking of measures, even the extreme ones, if required, just so long as they guarantee that this sort of thing will not happen again.

UCJ Organizations Must Play Active and Enthusiastic Role in All Economic and Social Tasks

I would like now to dwell a little bit on the role which the youth organization must play in the area of work education because every year those centers receive youngsters who begin their lives as workers for the first time and who therefore do not yet have the sense of discipline and responsibility that characterize the working class; this precisely is the core of the essential objective of work which must be done with those young people in order to inculcate in them the socialist attitude toward their work duties, exigency in terms of their own responsibilities and those of the others, making sure that these standards of conduct will characterize the daily action of each and every one.

I want to stress that this cannot be achieved in a spontaneous fashion nor can it be done easily; it has to be a part of the permanent and direct work done by the base-level organizations and each militant in particular with the young people.

This is why I think that the UJC organizations must play an active and enthusiastic role in all economic and social tasks so as to improve the contribution of the younger generation to Cuba's growth. This is concretely expressed in the participation and periodic analysis which we must make with respect to the various problems affecting the accomplishment of the plans provided for each center and for each territory. In this sense, the UJC must play a more dynamic and aggressive role in tackling the various problems we face through labor discipline, utilization of the working day, improving productivity and eliminating any kind of negligence, indolence, violations, and errors, so that youth need not remain along the sidelines of problems that still exist; the younger generation must be an active helper of the party, contributing its initiatives, expressing its opinions and viewpoints on the problems which in each place affect the accomplishment of the plans and the proposed targets, and demanding the solution of those problems.

This role which youth must perform assumes greater importance in the shock-action jobs which have been assigned since in those you will have to continue to direct the efforts of those young people in order to attain the principal production targets, stepping up the work of the base-level organizations with the young people along with the effort aimed at increasing productivity, labor discipline, savings, and the accomplishment of the execution programs provided here.

Support for economic management cannot be confined to supervising and checking on what happened, what the militants and young people did, and taking subsequent measures; instead it must necessarily be aimed at anticipating what is going to happen, at identifying in the plans those activities which will lead to a vigorous support for the production or service results, analyzing the specific situations in each center and making judgments and evaluations or coming up with solutions to the problems in the management boards, service or production meetings, or directly in the administration or management of the particular center, as well as the party and the labor union. This latter thing must be placed on the agenda because everybody knows that it is precisely in the service or production meetings--which certainly still reveal many shortcomings--that the participation of militants, not only those in the UJC but also those in the party itself, still does not add up to the role they must play, sometimes because they do not speak up and other times because they frequently come up with statements that are not exactly correct and that leads to a big failing in our operating mechanisms.

On the other hand, we must make sure that the base-level committees in their plans will spell out that which concerns them in terms of work education, in terms of the organization of events marking the entry into the working class, sponsorship of young people by the more experienced workers, etc.

Special attention must also be devoted to the development of the work with the Youth Technical Brigade of which the country now has more than 4,600, with more than 81,000 members, that is to say, both regular members and collaborators. These figures speak eloquently of the strength of this

movement but they also tell us that you must continue to work in order to improve their operation, to strengthen their work so that they may perform their role with greater effectiveness.

As far as the functioning of internal life is concerned--specifically as regards the development of meetings--we must work to make sure that everybody thoroughly understands that the basic issue to be resolved involves the essence and the objectives of having the young communists get together, study, draw up their work plans, strengthen their ranks, in other words, activities that should not constitute an end in themselves but rather should constitute measures aimed at taking decisive action in the context of revolutionary transformation, in the materialization--from the place where they work--of the policy and the pledges adopted by the party and by their own organization. That is the foundation and the ultimate purpose not only of internal life and of organizational work but of all of the busy activities that must sustain the ideological political work of the party's youth organization.

We must make sure that the meetings will bring out the essential purpose of the activity of each militant and each base-level organization in terms of production, teaching, or military training.

It is inconceivable that there might be abnormalities of any kind whatsoever at a particular center and that these are not being discussed and analyzed as something very important in the course of the base-level organization meeting. And if some militant participates in those problems, then the analysis all the more becomes something very basic.

In Addition to Stepping up Our Work With Young People We Must Consider The Growth of Other Places Where UJC Is Numerically Weak

I think that the base-level organizations and the UJC leadership bodies, in drafting the growth and construction plans, must keep in mind that the workers still do not constitute the fundamental nucleus in the labor composition of the UJC.

You have established that the growth and construction plan, which is drafted on each level, must be the fruit of the political-ideological development achieved by the young people who decide to join and this can under no circumstances be done on the basis of a mechanical goal; as you have noted, one cannot establish any parameters or figures for the drafting of the growth plan so that, taking into account the guiding criteria analyzed at this meeting, each instance will have to draft its own growth and construction plan for 1980, quite naturally starting with the real possibilities in each case. I want to alert you and I want to ask you to make a maximum effort so that you will not adopt narrow criteria when it comes to drafting the plan, especially on the level of the township, where you must avoid higher authority from having to reject it because they think that it was not designed within the possibilities that really exist in the territory and among the mass of students and workers, both in terms of quantity and in terms of quality.

In addition to stepping up our growth with the young workers, you have to take into consideration our growth in other places where the UJC is still numerically weak; that obligates you to continue to make the effort you are making here for a certain time; but it seems to me that in the future the same thing will happen that happened in our party and you will be in a position to achieve growth that will not demand so much of an effort.

Overall, our growth among students must be discrete but there will be cases of townships and territories which, in accordance with their specific conditions and characteristics, achieve a numerical growth greater than this year in terms of students.

However, it is necessary to stress that this fact cannot mean that, in overall terms, on the level of each province, there will be delays in the advances achieved in the social composition; we must not only prevent this retrogression but we must advance in that direction.

The base-level organizations and the municipal executive bureaus must make sure that, when a young student joins the organization, this will be the result of high-grade individual requirements, proven several times, fully identified with the interests of the working class and the entire working people, a youngster who has displayed conduct beyond reproach in all those aspects that characterize him as a generally exemplary young person. In this respect, Fidel recommended the following in the Seventh Plenum:

"We must be more demanding toward the student because he is the one who could deviate most, he is the one in whose case the environment can conspire against his development, where we have a tendency to intellectualize, a tendency toward liberalism."

The above involves a commitment in the fight for the quality of our militants but even more so it must be a challenge which I am sure the youth organization will respond to fully. When we talk about quality, we are talking not only about students but also about the young workers among whom there are also some difficulties in terms of responsibility, social conduct, etc., and we must be alert so that we will realize how we must handle the worker youths who do not measure up.

Therefore, meeting entrance requirements and the criterion of being less demanding in dealing with the young workers, although objectively correct, in view of the circumstances under which the life and activity of the working class develop and because of the nature of the working class as the creator of material goods, do not mean that we can accept into the UJC a young worker who is not exemplary among his fellow workers.

Another element to be considered in the growth and construction plans is the importance, in those plans, of the Pioneer Organization because, as we figured out at this meeting, the process of recommending young Pioneers

for the UJC begins during this school year; this undoubtedly will also permit the UJC to have more basic data in drafting the corresponding plans, and this will assure better quality in admissions because the Pioneers must first of all be recommended as the best and, secondly, the UJC will select from among them those who really meet the requirements for being processed and being admitted into the organization.

UJC Cadres and Base-Level Organizations Must Make Sure That Pioneer Recommendation Process Is Properly Handled

You have been discussing here the methodological regulations on processing the recommendations of the Jose Marti Pioneers for admission to the UJC. These regulations spell out the development of the recommendation process and, as we see it, perfect that process even more; this is a document of the utmost importance in guaranteeing this work with efficiency; we must not make the mistake of overcrowding the groups and detachments with models and roles which turn out to be unnecessary.

There is another issue I want to bring up and that is that the cadres and base-level organizations of the UJC must make sure that the recommendation process is carried out as it was designed; at the same time they must pay attention to something that has been stressed ever since the creation of the Pioneer Organization; I am talking here about the personality of the organization as such, so that the participation of the cadres, the base-level organizations of the UJC, and the Pioneer guides, will not at any moment supplant the work of the detachment leaders themselves; on the contrary, they must help to make sure that this process will be carried out with a high critical and self-critical spirit, governed by a high level of democracy among the pioneers themselves.

Some people might think now that, if the detachments do not in advance contribute their own specific proposals during the meetings, we might run the risk that there might be a large number of recommended individuals. In this respect, I believe that this should not constitute a problem; the fact is indeed that the Pioneers are capable of doing this job with the necessary quality and demands. If this is handled the way it was set up, then the Pioneers certainly will recommend the best but, besides, during the meetings of the group boards, it will be possible to go in depth on those who were recommended and who do not meet the requirements and, in the end, the recommended Pioneer does not enter the UJC automatically anyway; as it says in the methodology: "The UJC is a selective organization which consists of the vanguard of Cuban youth and which the best can join if they meet all requirements. This applies throughout the entire period of their youthful life and this does not precisely have to come at the moment at which they terminate their activities as Pioneers; it is up to the UJC, in accordance with its plans, to decide on the number of recommended Pioneers and students whom it will process for admission."

Its own setup also permits the UJC to check into the educational and training effort carried out by the Pioneer Organization because the results of its work can be observed more concretely. In this respect I think that an important task facing the Pioneer Organization at this time is the preparation of its members for admission to the UJC.

This task cannot be accomplished through some kind of indication or by decree; it can be accomplished only through daily and persevering efforts since this involves not only a situation where the Pioneers must theoretically learn the standards of social coexistence, the regulations and the bylaws of the UJC, and the entire process of Pioneer training, but they must also apply all this in practice so that the Pioneer Organization has the important mission of making sure through its theoretical and practical work, that each Pioneer, upon reaching the ninth grade, will be more revolutionary, will attain the best conditions for living and for helping in the development of the society which we are building.

This is why the organization of Pioneers must actively contribute to the integral education of its members, instructing them in the principles of communist ethics, involving them in community life with joy and responsibility; developing in them those qualities and attitudes which enable them, better and better, to play their role as the backup force for Communist Youth. In this sense I would like to point out that competition constitutes a fundamental instrument in achieving the active participation of the Pioneer mass in the development of principal activities and in making sure that the task which the party and the UJC assigns to them will be carried out enthusiastically through the Pioneer Organization. The fundamental effort must be aimed at the quality, systematization, and consolidation of the Pioneer Organization in the new Pioneer environment, that is to say, we must continue to develop the organization in the primary schools and give priority attention to secondary education in all of its forms.

In analyzing the link between the Pioneers and the UJC, the Seventh Plenum of the National Committee underscored the importance of retaining the selective character of the organization and the fact that bringing up the link of the UJC, an advanced organization, with the Pioneers, does not in any way mean that the UJC can become a mass organization; the most important thing is to maintain the selective character and to make sure that the principle of quality and merit in admissions will prevail in the Communist Youth in an increased fashion.

**Fight for Correct Implementation of Disciplinary Measures But Above All
Fight for Elimination of Bad Attitudes and Conduct**

Comrades,

I must, if only briefly, talk about the fact that the punishment rate is still high in the ranks of the UJC although it is true that we have had a gradual reduction in external punishments. However, this tendency is not

manifested equally in all occupational categories. While, generally, 3.6 out of every 10 militants punished were separated, the proportion among the workers was 4.2; this points to greater strictness in the analysis of punishments administered to members in this category if we keep in mind moreover that, looking at the high school and college student militants, only 2 out of every 10 were separated and that it is in this sector that deficiencies and weaknesses in a portion of the members are manifested more strongly.

This is not a matter of punishing the workers less by being tolerant toward the mistakes that are made or punishing the students more by being extremists or implacable; we must fight for the correct implementation of disciplinary measures but above all we must fight for the elimination of bad attitudes and forms of conduct which point up the need for stepping up our educational effort, the need for putting more emphasis on work, that is to say, to improve the mechanisms by which the organization functions, to make sure that the practice of internal life will be perfected so as to avoid, in time, having to apply punishment to the comrades who, after having been alerted to their mistakes, could have corrected them.

One important issue I want to take up in my remarks here deals with the growth of the party.

With the First Party Congress and the passage, by it, of the thesis on internal life, we began a tough process designed to improve the worker makeup in its ranks.

This effort, which in terms of its theoretical concept, is clearly defined and which includes all revolutionaries, in practice did not turn out to be easy; a great effort is required on the part of all leadership bodies and party base-level organizations.

Concerning growth, this first party event agreed that the leadership bodies, in each one of the authorities, should exercise a regulatory action on the effort of recruiting and admitting members into the party. We were able to implement that in practice only after the adoption of the resolutions of the Central Committee Plenum and of the Political Bureau in 1978.

Now, what were the causes that advised the party leadership to adopt those resolutions?

First of all, as we said before, on other occasions, this is so because the party is the party of the working class and it must therefore have within itself a majority nucleus of comrades who are connected precisely with the production of material goods or, in other words, who are workers.

This situation had in recent years been developing in a contrary manner since the number and proportion of members coming from that job category kept declining.

Let me give you some statistics, such as the percentage accounted for by the workers among the party membership in 1967, showing that, from 42.1 percent the figure within 10 years had dropped to a little more than 26 percent.

However, other job categories performed the exact opposite way; for example, members who hold administrative management positions increased from 17.7 percent of the party membership in 1967 to a little more than 28 percent during that same period of time.

This did not happen--and that must be pointed out--in the case of other categories, such as professional people and technicians who, during that period of time, maintained a growing tendency since, in 1967, they accounted for 5.7 percent and rose to around 14 percent in 1978; we consider this trend to be positive and it has moreover continued in recent years and will continue in the future.

Summarizing, I can say that this background information means that the trend recorded during the period of 10 years, starting in 1967, shows that the representation of the workers among the party membership declined year after year and that, in spite of the resolutions adopted at the First Congress, it was possible to arrest this trend only in 1976 and 1977, during the first of those periods of time, while during the second period of time the number of worker members is beginning to increase slightly.

This situation changed substantially only when the resolutions of the Fifth Central Committee Plenum were adopted, providing a practical implementation framework for this part of the thesis on internal life; the workers will then really become the main nucleus of the membership and of the party membership applicants at this time.

Regarding growth, we must add that, in particular, and on one occasion alone, the worker membership in the sugar mills was doubled; this is very important because, as you know, that is our chief industry.

The party's organs and base-level organizations have at all times been alert and have complied with the principle to the effect that our ranks should be joined only by those who meet all the requirements for party membership and party membership applicant status; this was helped along also by the control exercised by all of the party authorities. We can say that, if we had any problems, it was because of excessive zeal in making sure that the best would really join the party.

As far as growth involving comrades coming from the ranks of youth is concerned, we must also say that, quantitatively speaking, it has been more than it was in recent years because, for example, last year around 12,000 young people more joined than in 1977.

The party's growth over the next several years must furthermore constitute an important element in increasing its influence within the UJC and among the youth masses. In this respect I think that we could implement the process for the admission to the party of those communist youths, especially young workers, who, being leaders of base-level organizations of the UJC, meet the requirements; at the same time they can stay in the youth organization for a longer or shorter interval of time, thus holding double membership. Party growth must also contribute to achieving greater presence and influence from its members and membership applicants within the labor union base-level organizations, on a priority basis in the material goods production centers.

Must Raise Membership Information and Training Level in Ideological Terms

Talking about cadre policy, I think that, when it comes to drafting and developing that policy, we must put together a group of factors that are indispensable for the uninterrupted advance in their political work; the age pyramid, cadre promotions ahead of seniority schedule, maturity and experience acquired in study, military training, and minimum work training acquired throughout several years of employment—these are the absolutely necessary elements in the promotion of UJC cadres; along with this, the organization is obligated, for natural reasons, to address itself to this situation and to work out a correct balance between departures and promotions based on age and the efficient and necessary stability of its cadres, guaranteeing as a minimum the compliance with certain periods of office in accordance with the character of responsibility held by the individuals involved. It seems to me that we all agree that this should be so and that we are in a phase in which this constitutes cause for worry on your part; but the fact is that, up to a certain point, we are now suffering the consequences of the stagnation which we had in earlier years when it came to cadre renewal. We will discuss this matter again with the comrades of the UJC national leadership and we will be flexible, taking up each case individually, making corrections where necessary but, as is quite logical, without going backward.

It is necessary to raise the level of information and training of the membership in ideological terms. We must fundamentally emphasize the quality of political instruction, demanding that the young communists prepare themselves ever better for the study groups, attain greater ideological wealth in debates which the base-level committees conduct on the specified topics, starting with the idea that the most important thing is the tie-in of theoretical matters with practical problems and with the accomplishment of its social duties by the membership.

Comrade Fidel emphasized these formative factors, the moral values, and the ideological principles in which our youth must be trained in the midst of the bitter ideological struggle between socialism and capitalism, the need for training ourselves in order to go into the ideological battle which is becoming more acute.

It is a good thing that those who do not meet the requirements for being real revolutionary militants at last drop their masks; I must say at this point that this sort of thing is better late than never; but it is also true that we must admit that we have deficiencies in our ideological work, that we must perfect our methods in this sense in order to attain the fundamental goal of our policy.

The UJC must develop in depth and perfect the ways and forms of its ideological work, it must improve the quality of activities it develops, and above all, it must improve its results qualitatively speaking.

We must make sure that our cadres and our leaders in the base-level organizations acquire a clear understanding as to the magnitude and complexity of the ideological problems which arise among the younger generation.

I want to take this opportunity to reiterate to you the importance of properly using the means and resources of the organization as far as our youth is concerned, its cadres and members, and our entire people. In this respect, somebody might think that the resources of the UJC are not so difficult to control and that, because of their magnitude, they should not constitute any cause for worry; the UJC and its youth and Pioneer organizations in fact still do not have all of the resources they need for their work; I believe that it is not necessary to explain to you the reasons for this; besides, Comrade Luis Orlando Domínguez covered that in his remarks; but we must not lose sight of the fact that the youth organization and the young people today have adequate financial resources; they have various publications, equipment items, and materials; they also have the responsibility of checking on and administering the economic management of the Pioneer facilities where each year enormous resources are invested and many of them, such as the National Palace of Pioneers, are equipped with valuable technical means, constituting a great responsibility for the UJC and particularly for the Pioneer Organization which must make sure that all means and resources are given the utmost care and are used for the purposes intended. We know that both the national leadership of the UJC and the Jose Martí Pioneer Organization have been working to improve the mechanisms for controlling their resources and installations. We must realize that it is not enough to make better decisions and to have confidence to the effect that the resolutions, the standards and the measures implemented are sufficient, by themselves, to guarantee their implementation, so that everything will go well from here on in. The guarantee that these decisions, standards, and resolutions will positively influence the solution of problems resides in control, in checking up, in supervision, in high demands, and in the daily struggle for their concrete application, in order to overcome every obstacle.

Finally, Comrades, I want to tell you once again my opinion on this activity which we are concluding here today; I believe that it marks a historical moment in the work of the UJC and I say this because the tasks which are approaching us must be broadly known and mastered by all leaders and members and it is precisely the township which must handle this.

I believe that at no moment has our party's organization and the UJC had such precise and clear guidelines which are not complicated however regarding their material implementation, such as those we had as of the Eighth Central Committee Plenum, from the words of our own commander-in-chief, during the first period of sessions of the National Assembly, the resolution of the Political Bureau addressed to the base-level organizations, the resolution of the Seventh UJC National Committee Plenum concerning the specific case of that organization, and, finally, the recent speech by the Second Secretary of the Cuban Communist Party's Central Committee, Army Gen Raul Castro during the celebration of the 20th anniversary of the physical departure of our unforgettable Camilo. All of those materials constitute a guide for action and their applicability will cover an entire phase during which it is necessary to revive the fighting spirit that prevailed during the most difficult moments of our revolution. We are sure that we will win once again and that our party will not forget the role it must play in the struggle through the glorious youth organization; we always count on it in the first line of combat.

Long live the Communist Party of Cuba!

Long live our commander-in-chief Fidel!

Long live the glorious Union of Young Communists!

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SANDINIST STUDENTS ON ISLE OF YOUTH RECOUNT EXPERIENCES

Havana BOHEMIA in Spanish 2 Nov 79 pp 4-9

[Article by Oscar F. Rego: "Sandinist Students"]

[Text] More than 280 children and young combatants in the Sandinist National Liberation Front are studying at the Carlos Fonseca Amador junior high farming school on the Isle of Youth. In all, 543 students--346 boys and 197 girls--are taking courses at that institution, taught by 38 internationalist Cuban teachers and 5 from the brotherly Central American country now free of the Somozist tyranny and proceeding with the construction of a new Nicaragua.

In accordance with the agreement signed by the Cuban and Nicaraguan Ministries of Education, other contingents of students are coming to our country to join in the second work-study school which has just been built by our revolutionary government near the former Model Prison.

The students are in the seventh, eighth and ninth grades. A group of 60 with a higher-than-9th-grade level of achievement have gone on to study vocational subjects in the fields of health, merchant marine and agriculture at the technological centers offering these specialties.

Adaptation Process

"It is not easy for these young people," the school director, Berta Carrera Amador, told us, "to adapt to our school system. They are students who have never been to boarding school, and the work-study combination is new to them. However, they are magnificent in the productive work, happy and enthusiastic. They have already won first place, in the last checking competition for the group of participating schools.

"It must also be remembered that the majority had to suspend their studies during the harsh months of popular struggle against Somoza's army. They still have the memory of war in their minds: many fought heroically, others are the children of martyrs of the revolution, and some, as is natural and logical, are homesick for their distant families.

"Also," the director told us, excusing herself for an interruption, "a large number of these young people feel the concerns of the historic moment Nicaragua is experiencing, and they are aware that the revolution has enemies, that the counterrevolution is committing crimes and attempting to hinder the construction of the new Nicaraguan society. Not a few of them tell us that they are ready to take up arms again if necessary. These are combative and revolutionary young people."

"The students," their Cuban and Nicaraguan teachers told us, "are participating actively in all the educational, agricultural, cultural, athletic and political tasks. They are magnificent students, industrious in their studies and disciplined in the classroom. They often ask questions when they are doubtful and they are punctual in adhering to the individual study schedule from Monday to Friday, a new activity for them to which they have adapted without difficulty."

It was easy for us to see the prompt and necessary coordination achieved by the Cuban teachers and their Nicaraguan colleagues. The latter are responsible, within the study plan, for the teaching of the social sciences, including the geography and history of their country.

Exemplary Combatants and Students

Each of the combatants making up the student body at the school represents a part of the history of Nicaragua. In talking with them one understands that the land of Sandino has a happy future. Its finest flower is to be seen in these courageous and happy, studious and combative, responsible and promising young people. They are child-heroes, children who love liberty and justice, who have learned to defend these values with weapons in hand.

Sebastian Grillo Gongora is a boy from the town of Rivas who fought on the Benjamin Zeledon Southern Front. When he arrived in Cuba he still had various grapeshot fragments in his upper right arm and on the forearm near the elbow.

"Here on the Isle of Youth," he told us, "they operated on me. I am fine, but my fingers are still a little numb."

We asked him how he came to join the guerrilla forces of the Sandinist Front.

"Our people were tired of Somoza. From our primary school days we students demonstrated our displeasure with that murderous regime which stole all the wealth of the people. I decided not to wait any longer to join the guerrillas that day, which I will never forget. As I walked along the road to Belen, I saw several Somozist soldiers, behind some bushes, attempting to rape a pregnant girl who had a little boy a few years old with her. She resisted and those barbarians opened her belly with their bayonets and then murdered the little boy.

"The next day I went by way of Cardenas to the training camp located near the Costa Rican frontier. There I learned to handle different weapons, including the 'Chinese stick,' which is a kind of light bazooka."

We asked how many battles he had fought.

"I participated in many, but the heaviest firing was at El Naranjo, Sapua, La Calera, La Colina and near the town of Rivas, where they got me in the arm, as you can see. I led a group of young combatants. We had all gone to that place with two other squadrons to take out about 300 'chiguines' who had been holed up there for several days."

We asked him to define "chiguine."

"'Chiguine' means corrupt, vicious, a very bad person. That's what all the Guatemalan people called the son of Somoza, that criminal who was head of the National Guard. We called all Somoza's soldiers 'chiguines.'"

We asked him how he got his wound.

"It was about 4:30 in the morning. The comrades in the two squadrons were seen by the soldiers, and when they were fired upon they withdrew for protection. We were already very close to the enemy, who then opened fire. I gave the order to keep low, while we all retreated, firing our weapons. I looked around and saw not a single comrade alive. I was wounded and bleeding, but I felt no pain at that moment. I realized that if I did not seek protection I was lost, because the planes were already coming in and with the day dawning, I would be in serious danger. I was lucky since the comrades in one of the squadrons picked me up in their hasty withdrawal. I was in a small hospital when victory came."

We asked Sebastian how he liked Cuba.

"Very well. I was selected by our leaders to study here. I am proud to be learning from the Cubans who built socialism 90 miles away from the Yankee imperialists. When I complete my studies I think I will be able to help with the reconstruction of Nicaragua."

We asked him what career he would pursue.

"I want to be an agronomical technician. My father is an engineer in this branch, and I have often gone to work with him and I like it."

We asked if he had anything else to say.

"Yes. I hope that all my comrades conduct themselves here on the Isle of Youth as good Sandinists and revolutionaries. A free fatherland or death! Fatherland or death, we will triumph! Cuba and Nicaragua united against imperialism!"

Martin Picado, another of the student combatants, was born in Managua. He is now in the eighth grade. He told us the following:

"I was a student agitator against the regime. Twice I was expelled from school. Afterward I made contact bombs, learned to strip weapons and distributed leaflets urging armed rebellion. When I had some experience in the struggle I joined the Jonatan Amador Command. I carried a .22 pistol, but soon I got a Garand rifle and then picked up an M-16, and later a Galil machine gun.

"I took part in the taking of Diriamba and the liquidation of the pockets of resistance. This was at the end of August. We recovered various types of weapons in taking the 13th Police Precinct Station in Managua."

We asked what he had to say now as a student.

"I want to say that our first duty is to study, to make ourselves worthy of the confidence of our high leaders of the Nicaraguan revolution."

We asked what career he most wanted to pursue.

"The revolution can be served in many ways. I like aviation and I am taking lessons on my own. Perhaps I can pursue that career officially. I want to serve my fatherland and internationalism as a pilot in civil or military aviation."

Talk With Other Students

The experience of talking with these young people who fought bravely for the liberation of Nicaragua is a rich one. Those who did not combat on the front lines against the genocidal enemy saw their parents, brothers, uncles and friends killed. They fled to safer places or suffered the horrors of the Somozist cruelty and vandalism.

Wilfredo Munoz Mendoza was wounded three times. He fought in three major actions in Masaya and Monimbo. We asked him about his studies, and he told us the following:

"I must tell you first of all that I am in this magnificent school in Cuba, the first free territory in America, at the wish of Major Faustino, with whom and under whose orders we fought the Somozist tyranny. When he told me about this scholarship, I said to him that I was the only older son in my home and that my mother did housework to support us. I have three smaller little brothers. I explained to the major that my help was needed at home, and that if I came to Cuba my family might be in need. Faustino promised me that my mother would have no problems, and told me that I should come to study in Cuba, to educate myself, because the revolution needs good training for all revolutionaries. And here I am. The Cuban professors are very agreeable. We are learning a great deal about the life of 'Che' Guevara,

that great heroic guerrilla fighter, and like him, we want to be good internationalists and to be ready to help in the liberation of any brotherly people struggling for its independence. I will not slacken in my studies. I will become a technician and if I am allowed, I will also pursue a military career, to serve Nicaragua and internationalism."

Birmania and Dominic Borge, the daughters of Maj Tomas Borge, the interior minister under the national reconstruction government, told us about the work-study system utilized in our farming schools.

Our questions on this subject did not surprise them. The two sisters feel the same:

"We like farm work. Harvesting grapefruit is an excellent experience."

We asked them what had been their most moving moment, apart from the great emotions involved in the war which shook Nicaragua.

"For me," answered Birmania, the older of the two sisters, "there have really been two. The first was when I met my father at the University of Leon. We had not seen each other for a long time, because we were participating in the rebellion in the San Cristobal hills, in Chinandega, in the western part of the country, where there was a military training center.

"When Leon was liberated we went down to the city. We learned that a number of revolutionary commanders were at the university. I asked if Maj Tomas Borge was there. The comrade guarding the main entrance to the rectorate told me that it was not possible to see him because he was in a meeting. We waited for him. When he came out he did not see us. I went up to him and touched his shoulder. He turned quickly and was amazed to see us there wearing the uniform of the Sandinist Front. He threw his arms around us and said happily:

"'My daughters, combatants! How happy I am!'

"I looked at my father's face and saw his eyes filling as if he would burst into tears.

"The other moving moment," Birmania went on, "was provided me by Commander in Chief Fidel Castro, here in Cuba.

"I was recovering from malaria. I was with my father when Fidel arrived. I could not conceal my nervousness. The commander in chief greeted me and then asked what I planned to study. I told him political sciences. 'I think that's good,' he answered."

Workers in Power

On the second day of our visit to the Carlos Fonseca Amador school we visited the citrus orchards.

The young people, pleasantly surrounded by music as they worked, welcomed us with moving joy. The grapefruit, removed from the branches with startling speed, almost skill, one could say, were filling enormous receptacles hauled by a powerful tractor.

The students were singing combat songs in unison. That they sang most often, entitled "Power to the Workers," is one of the great favorites of the Nicaraguan people, we learned. It heralds the new course along which the triumphant Sandinist revolution is beginning to proceed irrevocably and irreversibly and without hesitation.

It is the fathers of the workers' class
Who carry out the clear mission
Of telling all the people
That they have now made their decision.

There will be no obstacles, paths or doors
Which can stop the worker,
Led by a vanguard
Carrying him to popular power.

Power to the workers!
Power to the workers!
From the people as a whole there has arisen
A cry for social justice.

PHOTO CAPTIONS

1. p 5. In the view of Birmania and Dominic Borge, the work-study combination will be introduced in the Nicaraguan schools.
2. p 7, top "The students are adapting to Cuba without difficulty. We came from a corrupt capitalist system, excluding everything human, with a different concept of education. However, these young people are very industrious and studious. They will triumph," the Nicaraguan social sciences teacher, Jose Antonio Ramirez Aubert, told us.
3. p 7, bottom Group of students who fought heroically in the Sandinist liberation forces.



Wilfredo Munoz Mendoza with the primitive mortar he made himself, with which he bombarded the Coyotepe hill barracks.

5157

CSO: 3010

BRIEFS

LEGAL AFFAIRS MEETING--Chaired by Justice Minister Armando Torres Santrayll the Committee of Constitutional and Legal Affairs of the National People's Government Assembly held a working session this morning. During the meeting important bills, such as the traffic code, Sierra Maestra Grand National Park, the law modifying regulations of the judicial system organization and penal procedure, the bill for organization and functions of traffic committees, report on intermediate level legal technician and proposals by attorneys and other materials were examined. The meeting is conducting its functions within the framework of an intensive work by the National Assembly's Standing Committees in preparation for the meeting of our highest legislative body scheduled to begin on 26 December. Some 10 committees of the national assembly will continue to examine important matters during coming days. Excellent results in quality and efficiency by the national assembly are expected. [Text] [FL112009 Havana Domestic Television Service in Spanish 1800 GMT 11 Dec 79 FL]

CZECH CULTURAL COOPERATION--Haydee Santamaria, member of the Party Central Committee and President of the Casa de Las Americas, has received at the headquarters of this cultural institution the ambassador of the Czechoslovak Socialist Republic to Cuba, Milos Vojta, a broad exchange of views and experiences took place at the meeting for the purpose of increasingly expanding the existing cultural cooperation between Cuba and Czechoslovakia. [Text] [FL120024 Havana Domestic Service in Spanish 0000 GMT 12 Dec 79 FL]

GDR DELEGATION IN CAMAGUEY--The advances made over the 30 years of the existence of the GDR, current situation and future development have been among the matters discussed at conferences held in Camaguey by a delegation of the Socialist Unity Party of Germany. The members of the delegation visited the local Municipal Party Committee and lectured at the Lazaro Pena Provincial Labor Cadres School. They also met with the Ernst Thaelmann brigade of young Germans who are offering their assistance at the 26 July Cement Plant in the industrial city of Nuevitas. The delegation, which already has visited Cienfuegos Province, today left for the Isle of Youth. [Havana Domestic Service in Spanish 0008 GMT 12 Dec 79 FL]

CDR IDEOLOGICAL SEMINAR--A national seminar on ideological, educational, cultural and sports work of the Committees for Defense of the Revolution (CDR) opened this morning in Santa Maria del Mar with the participation of 230 delegates from municipalities and provinces throughout the country. Felipe Velasco, member of the CDR National Executive Secretariat, made the opening remarks and read a comprehensive report on the aims of the seminar. Velasco said the seminar is of unique importance for raising the level of knowledge of CDR cadres. CDR National Coordinator Jorge Lezcano is chairing the seminar. [FL112000 Havana Domestic Service in Spanish 1910 GMT 11 Dec 79 FL]

DISABLED NICARAGUAN CHILDREN--Forty-five Nicaraguan children who were disabled in the war during the liberation process of their country have visited Valles de Picadura, a livestock development area east of Havana. Valles de Picadura director Ramon Castro received the children and accompanied them on a tour of the area. The Nicaraguan children are receiving medical attention at Cuban installations where they are learning to use prostheses. [Havana Domestic Service in Spanish 1912 GMT 11 Dec 79 FL]

WORK ORGANIZATION MEETING--The second national meeting on work organizations has opened at the Lazaro Pena Auditorium with the participation of about 500 delegates from throughout the country. Roberto Veiga, secretary general of the Central Organization of Cuban Workers (CTC) and member of the Party Central Committee, made the opening remarks. Veiga stressed that the purpose of the meeting is to summarize the work organization process for this year and plans for 1980. Oscar Fernandez Padilla, minister-president of the State Committee for Labor and Social Security, is responsible for the main report at the meeting. [Havana Domestic Service in Spanish 1925 GMT 11 Dec 79 FL]

DEPARTURE OF GDR WORKERS--A farewell ceremony for the fourth contingent of the Ernst Thaelmann brigade of the GDR has been held in Neuvas. The members worked for 1 year at the 26 July Cement Plant. (Ciro Muro Pujols), member of the Party Provincial Committee and director of the Cement Plant, recalled the work done by the GDR brigade during its stay in Camaguey Province. He also stressed the brigade's maintenance and repair work at the plant. [Havana Domestic Service in Spanish 1926 GMT 11 Dec 79 FL]

NEW YEAST FACTORY--Julian Rizo Alvarez, first party secretary in Matanzas Province, has inaugurated the yeast factory near the Esteban Hernandez sugar mill in the Marti Municipality. The ceremony began with the reading of the central report on the operation of the factory since it went into service on 12 March of this year. Rafael Feria Carbonnel, an outstanding worker of the factory, presented a small yeast bag to Julian Rizo as a symbol of the pledge made to the party of producing 1,000 tons of the product over and above to the scheduled production plan. Rizo Alvarez reviewed the economic situation of the municipality and ratified the province's commitment to produce one million metric tons of sugar in the current harvest. [Text] [FL112218 Havana Domestic Service in Spanish 2108 GMT 11 Dec 79 FL]

MORE CUBAN FREIGHTERS--With the addition of the last four units, specially built for Cuba in Spanish shipyards, the merchant marine tonnage will be raised to 826,117 dwt. Those new units will increase the number of vessels to 66, of which 51 are freighters for general cargo, three bulk grain carriers, three training ships, seven for refrigerated cargo and two for containerized cargo. Prior to the revolution's triumph Cuba only had 14 units. Of the four Spanish vessels, the first one, Pino del Agua, is already here; the second one, Las Coloradas, is expected in Havana soon; one is about to be completed; and the other is under construction. Those vessels will be operated by the Mambisa Shipping Enterprise. [Text] [Havana Domestic Service in Spanish 2206 GMT 11 Dec 79 FL]

SPANISH WORKER LEADERS VISIT--(Fidel Alonzo), secretary general of the Madrid region, (Antonio Rodriguez), official in this same region responsible for peasant affairs, both Spanish worker leaders, have visited the Valles de Picadura livestock breeding farm in response to an invitation from the Central Organization of Cuban Workers (CTC). The worker leaders were received by Ramon Castro, director of the livestock breeding farm located east of Havana, who briefed them on the development in that region and aspects of production. The visitors were impressed with cattle development in our country, especially the Valles de Picadura farm. Earlier the Spanish worker leaders visited the Isle of Youth where they learned about the development plans for that special municipality. This morning the visitors departed for their country. [Text] [FL111551 Havana Domestic Service in Spanish 1504 GMT 11 Dec 79 FL]

SOLIDARITY WITH CHILE--A solidarity protocol between the Chilean Trade Union Confederation abroad and the Central Organization of Cuban Workers--CTC--has been signed at the CTC International Hall. The document was signed by (Mario Navarro), president of the Chilean Organization's Executive Committee, and Roberto Veiga, secretary general of the CTC and member of the PCC Central Committee. [Text] [FL111324 Havana Domestic Service in Spanish 1200 GMT 11 Dec 79 FL]

CULTURAL CENTERS IN ARTEMISA--Armando Hart Davalos, member of the PCC Politburo and Minister of Culture, has spoken at a ceremony at the Juarez Theater in Artemisa inaugurating various institutions which are fundamental for cultural development. Minister Armando Hart Davalos congratulated the organizations of the party and people's government in Artemisa and Havana Province for the artistic and literary centers which have opened their doors. These include a museum, an art gallery, a library, the establishment of an amateur theater group in addition to the Artemisa Culture House. Hart stated that Havana Province and Artemisa Municipality will achieve new and great successes in culture work as one more way for ideological, political and patriotic educational development of our people. [Text] [FL101319 Havana Domestic Service in Spanish 1100 GMT 10 Dec 79 FL]

KOMSOMOL DELEGATION IN HAVANA--A friendly meeting has been held between Cuban-USSR Friendship Association of Youth and the Cuban-Soviet Second Youth Festival delegation. Jorge Jorge Valdez, first secretary of the Union of Young Communists (UJC) in Havana referred to the solidarity

between the two peoples, the existing friendship between the Cuban and Soviet youth and the importance of the recently ended youth festival. Dimitriy Filippov, secretary of the USSR Leninist Komsomol Central Committee and head of the Soviet delegation to the festival, expressed his thanks for the welcome shown by the Cuban Government and people. [Text] [Havana Domestic Service in Spanish 1200 GMT 10 Dec 79 FL]

OLADE MEETING IN PANAMA--At the Latin American Energy Organization [OLADE] ministers 10th meeting Manuel Gutierrez, vice president of the Cuban State Committee for Economic Cooperation, has stated that the solution to the world energy problem is an indivisible part of the establishment of a new international economic order which is just and equitable. Gutierrez who heads the delegation from our country to the OLADE meeting in Panama City, has called for the rejection of the divisionistic maneuvers of the developed capitalist countries of causing confrontations between importers and exporters of the so-called Third World. [FL121139 Havana Domestic Service in Spanish 1100 GMT 12 Dec 79 FL]

FAO PLANT HEALTH MEETING--The sixth meeting of the executive committee of the FAO Plant Health Committee for the Caribbean has closed with the approval of a final document which includes points on the working agenda which will be dealt with next year by this organization. The executive committee met for two days at Habana Libre Hotel in this capital and has satisfactorily completed its activities by including in its conclusions various proposals directed at achieving greater integration of the countries of the region in the research and struggle against possible plagues and diseases in agriculture. [Text] [FL121239 Havana Domestic Service in Spanish 1100 GMT 12 Dec 79 FL]

CS0: 3010

CAPITAL FLIGHT CRITICIZED, CREDITS EXTENDED TO BNF

Quito EL TIEMPO in Spanish 16 Nov 79 pp 1, 8

[Text] The president of the Monetary Board has announced on television that a series of measures will be taken to promote the production of raw materials and to promote the agricultural, livestock and fishing sectors. As part of these measures, the line of financial credit will be increased by 600 million and the National Development Bank (BNF) will be granted 1.5 billion for infrastructure projects. He referred to various adjustments within the Monetary Board to facilitate the transactions of the Central Bank and to make it easier for private banking to participate in financing national production.

President Roldos is carrying out the proposals for structural change he advocated during his political campaign and the Monetary Board has accepted the proposals which pertain directly to it in a truly responsible manner.

Disorderly Growth

The president of the Monetary Board explained that when he took office as president of the board he found an extremely difficult economic situation. He added: We had experienced what was supposed to have been development stemming from our petroleum resources. However, what we were faced with was disorderly growth in the economy, since some sectors registered growth rates of 9, 10, 11 and even 14 percent, while the agricultural sector registered a growth rate of only 1.3 percent in 1979.

Heavy Indebtedness

The dictatorship was characterized by heavy indebtedness--4 billion for the public sector, in addition to very substantial debts within the private sector--and this indebtedness has not been reflected in government projects. The debt was contracted 2 years ago under relatively favorable terms, but we must now pay it back at higher interest rates: 6, 7 and 8 percent, depending on the individual case. In other words, because of the higher cost of money abroad, the debt which was contracted for medium and long range terms at a maximum interest rate of 9 or 10 percent,

must now be paid off at an annual interest rate of 16 percent. And we are talking about a \$4 billion debt. This will give Equadoreans an idea of the heavy burden these debt service payments represent for the government.

Flight of Capital

He charged that encouraged by these favorable conditions on foreign markets, some Equadoreans have taken their money out of the country, thereby making it impossible for this money to be used for national development. He asked conscientious citizens not to let themselves be fooled by this mirage, which might prove counterproductive, and to invest in national projects.

He later said that the board began making its decisions on the basis of this situation and mapped out the policy which it followed in the process of carrying out.

Credit for Development

The president of the Monetary Board added: We are going to grant credit for national development. We are going to promote the country's production, since that is the best way to combat poverty and inflation. That is why we were not in favor of lowering reserves, which merely meant putting more money on the market. We lowered reserves only as a temporary means of providing credit for the lines we are establishing.

He noted that over a period of 3 months the board has given 600 million sucres to the sector which provides financial funds for agriculture, livestock, handicrafts, fishing and small businesses. He added: However, we believe that agriculture is the basic sector, and we are going to give it full support through this line of credit, including those resources which are not used up eventually for other activities.

Speeding Up Transactions

He reported that the Monetary Board is reviewing administrative regulations and he said he could assure the national banking system that Central Bank procedures will have the flexibility which the Equadorean economy requires. He added: We have diversified the lines of rediscounts. We are offering the possibility of rediscount for contractors involved in infrastructure projects. We are reviewing regulations which would make it possible to rediscount portfolios generated in the construction of infrastructure projects in the agricultural and livestock sectors, as well as in the industrial installations sector. We have temporarily reduced the time that the portfolio remains in the bank for rediscounts from the previous 30 days to 10 days so that they can more easily meet the needs of their clients, but always in sectors which produce goods.

Priorities

The president of the Monetary Board stressed: We are interested in promoting agriculture, livestock, fishing and industry, and we will give priority to that sector which is most important to the nation. We want the measures we take to represent real development for the country's economy.

Agriculture: Game of Chance

The president of the Monetary Board added: We think that agriculture in Ecuador has been treated like a game of chance and this must stop. That is why we have established--through the mechanism of development bonds to promote the agricultural and livestock sectors--the possibility of letting the entire banking-financial system provide resources on a medium and long-range basis to the agricultural and livestock sectors for infrastructure projects. According to the regulation that had formerly been published, there was to be a capital reserve fund of 10 percent; we have increased it to 25 percent. That is to say that the capital and reserve funds of private banks and finance companies have been combined.

1.5 Billion for BNF

He continued: We can tell the Ecuadorean people that the amount we have designated for the BNF for lines of credit to be used for infrastructure projects is 1.5 billion sucres. The Central Bank of Ecuador will invest resources to help build a national infrastructure in the agricultural and livestock sectors.

The national government, through its various ministries and organizations, is fulfilling its obligations to the Ecuadorean people. We are doing our job. We want Ecuadorean development to be well-balanced. We are not afraid of the situation passed on to us because if nature, which has been so generous with Ecuador, has given us the means to develop the country, then we are going to develop it; we are going to give as much credit as necessary for the production of goods; in Ecuador we are going to eat food produced in Ecuador; we are going to have surpluses which we will be able to export without adversely affecting what we can do in the field of hydrocarbons and in other areas of production which also provide us with export products.

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CSO: 3010

BRIEFS

1980-84 FIVE-YEAR PLAN--Quito--The president of the republic, attorney Jaime Roldos Aguilera, has entrusted the vice president, Dr Osvaldo Hurtado, with the task of drawing up the final Development Plan for the 5-year period between 1980 and 1984. After receiving these instructions, the vice president proceeded to draw up the plan, and according to the information sent to the president, the plan will be submitted in December. [Text] [Guayaquil EL UNIVERSO in Spanish 15 Nov 79 p 1] 9494

CSO: 3010

'GRANMA' REPORTAGE REFLECTS POSTURE ASSUMED ON JUNTA

U.S. Imposed Junta

Havana GRANMA in Spanish 19 Oct 79 p 1

[Text] San Jose, 18 Oct (PRENSA LATINA)--Violent confrontations occurred recently in various Salvadoran localities, while protests against the new military regime reestablished last Monday continue.

The popular organizations, Popular Revolutionary Bloc (BPR), Armed Forces of National Resistance (FARN), United Popular Action Front (FAPU), 28 February People's Leagues and the People's Revolutionary Army, have denounced the new military regime as a "hoped-for" solution imposed by the United States to make the growing popular insurrection vanish.

While democratic forces are proclaiming that the coup is only a maneuver, U.S. State Department spokesmen hasten to qualify the new regime as "adequate for the country's needs" and to recognize it as having a democratic character.

In the last 48 hours, the government's Armed Forces have killed approximately 100 persons, according to information supplied by spokesmen of El Salvador's Commission for the Defense of Human Rights.

Moreover, in a military operation involving hundreds of soldiers they cleared out the Lido, Papelera, Sherwin Williams, Diana and other factories occupied by their workers demanding higher wages.

Salvadorean exiles assert that U.S. intervention in the execution of the coup can be seen in the same emergency program as that offered by the military so long as no measures are involved which affect U.S. interests in El Salvador.

Brutal Suppression

San Jose, 18 Oct (PRENSA LATINA)--Costa Rican television newscasts report that there are tens of victims of El Salvador as a result of confrontations between that country's soldiers and guerrilla groups.

Cuscatancingo, San Marcos, Ilopango, Soyapango and Mejicanos were the suburbs of the Salvadoran capital where armed conflicts occurred yesterday with the number of dead still being unknown.

Channel 6 showed the corpses of 12 youths with their throats cut, and some also had their bellies split open. All the bodies were cut with the same type of steel blade, apparently a bayonet.

In addition, Channel 11 interviewed four members of people's organizations in San Marcos in the middle of a skirmish; shortly after, the four died at the hands of the soldiers with whom they were fighting.

The dramatic newscast showed the corpses with their skulls crushed by the wheels of military tanks.

Channel 6 also broadcast statements made by Col Adolfo Arnolfo Majano, who asserted that the Salvadoran Armed Forces deposed Gen Carlos Humberto Romero to "spare the country a devastating blood bath."

Pro-Imperialist Junta Makeup

Havana GRANMA in Spanish 19 Oct 79 p 6

[Text] San Jose, 18 Oct (PRENSA LATINA)--Civilians Roman Mayorga Quiros, Guillermo Manuel Ungo and Mario Andino will join Col Jaime Abdul Gutierrez and Col Adolfo Arnolfo Majano in making up the Salvadoran Military Junta, according to information received here today. Mayorga Quiros held the position of rector of the Jose Simeon Canas Central American University; Guillermo Manuel Ungo is a well-known Christian Democratic leader who, in 1972, was a candidate for vice president of the republic representing the National Union of Opposition (UNO), together with Jose Napoleon Duarte, who was running for the presidency; and Mario Andino is the manager of a plant which makes copper products, a subsidiary of Phelps Dodge, a U.S. company.

Meanwhile, it is not even known precisely how many victims there were as a result of the confrontations between the soldiers and guerrillas, which lasted more than 24 hours and took place in the locality of San Marcos, 4 kilometers south of San Salvador.

The Costa Rican daily LA NACION states today that "24 hours after the coup d'etat which overthrew Gen Carlos Humberto Romero, the confrontations which are devastating El Salvador do not appear to be abating but, rather, have increased considerably."

It adds that a rebel radio station, transmitting from the San Carlos area, stated yesterday that "the skirmish in that locality was the third attack in 2 days initiated by the guerrillas, who are trying to spread the revolt against the new military junta to all parts of the country."

Meanwhile, the BPR published today in this capital a communique in which it terms last Monday's military coup a "self-staged coup" which had the support of the United States.

The BPR is demanding the dissolution of the National Guard, the Treasury Police and the National Police as well as the release of political prisoners and permission for the exiles to return.

The communique adds that it is necessary to guarantee freedom of action by the popular organizations, freedom of the people's expression of thought in the news media, and dissolution of the repressive paramilitary group, the Nationalist Democratic Organization (ORDEN).

The FAPU, in turn, made a statement which was published in the capital today to the effect that "the coup d'etat is not the answer to the political situation in El Salvador.

"We cannot speak of a 'democratic opening' when the people have not been taken into account. The coup d'etat is none other than a maneuver through means of which the government is continuing to be in the hands of the military and the middle class, backed by U.S. imperialism."

Furthermore, it asks for the elimination of fascist members from the Armed Forces and the dissolution of ORDEN and other paramilitary organizations such as the White War Union, Falange and others.

[Photocaption] In the photo, the principal perpetrators of the pro-imperialist military coup which overthrew the tyrant, Carlos Humberto Romero. Seated from left to right, Col Jaime Abdul Gutierrez and Col Adolfo Arnoldo Majano. Standing, also from left to right, are officers Heriberto Zelaya, Francisco Mena Sandoval, Francisco A. Villacorte and Ramon Chavez.

8568

CSO: 3010

EL SALVADOR

BRIEFS

TWO DEAD IN ARMED CLASH--San Salvador, 30 Nov (ACAN-EFE)--A national guardsman and a civilian died in an armed clash in the northeastern part of this capital early this morning. According to the authorities, the incident occurred when three guardsmen on duty spotted a suspicious-looking car. Its occupants opened fire when the guardsmen ordered it to stop. National guardsman Ricardo Vallejo died instantly and civilian David Alberto Flores died while trying to escape. Flores' companion Lilian Marine Calderon was injured in the shootout. The attackers' political ideology has not been disclosed. [Text] [PA010209 Panama City ACAN in Spanish 1917 GMT 30 Nov 79 PA]

CSO: 3010

RADIO STATION SCORES ELECTION FOES

PA051710 Tegucigalpa Domestic Service in Spanish 1130 GMT 3 Dec 79 PA

[Station commentary]

[Excerpt] The campaign of ill-intentioned rumors is most often the result of [word indistinct] generated by harmful events and commented upon by those sectors who continuously demonstrate that they in no way desire the return of constitutional normalcy to the country. For this reason, they continuously try to sabotage the ongoing electoral process.

These are the same groups who in the recent past used the return to a constitutional regime as their battle cry. Now that this aspiration is about to become a reality, they are doing everything possible to create specters by means of which they seek to misrepresent the country's reality.

In the past few weeks, and as a result of the political changes that have occurred in Nicaragua and El Salvador, the most extravagant rumors have been circulating among us with such assiduity that, despite the fantasy with which they are clothed, some serious people at times believe them. And although this noxious climate is based on the most absurd lies and the most inconsistent fabrications, it is nonetheless bothersome and promotes uncertainty among Hondurans. [passage omitted]

In view of all this, we severely condemn the campaign of rumors which, for shameful purposes, has been increased in the past few days, causing uncertainty and concern among the Honduran people, who are accustomed to work in peace and tranquillity. The most lamentable aspect of this state of affairs is that there are people who serve as the main vehicles for the circulation of these rumors, which in the end, as we said before, serve to halt the progress of our nation.

Finally, the Honduran people can be certain that the armed forces have fully guaranteed the electoral process and are primarily concerned at present with restoring a constitutional form of government to this country.

CSO: 3010

COUNTERREVOLUTIONARY CAMPAIGN DENOUNCED

PA010120 Managua Radio Sandino in Spanish 1200 GMT 29 Nov 79 PA

[Text] Attention Sadinist Defense Committees [CDS]: The counterrevolution wants to sabotage the vaccination campaigns. Beware, companeros!

We have received the following communique from the municipal committee of the Managua CDS:

Alert for Our Heroic Nicaraguan People:

The Municipal Committee of the Managua CDS denounces a new form of counter-revolutionary operation and aggression. Through rumors in certain neighborhoods in Managua, the counterrevolution is trying to sabotage the vaccination programs for polio, measles, tetanus, whooping cough, diphtheria, croup, and other diseases, which our government has implemented to protect our children.

Those elements, enemies of our people, have been spreading the rumor there is a diphtheria epidemic in Managua. This is absolutely false. In this manner they are trying to mobilize the people and make them demand disorderly massive vaccination at the health centers, when this is already being done in the schools.

The Municipal Committee of the Managua CDS alerts all CDS in the capital to be vigilant against these rumors and against any other activity that runs contrary to our people's interests.

The Municipal Committee of the Managua CDS, which is in close contact with the Health Ministry, is in the position to assure our people there is no diphtheria epidemic either in Managua or in any other part of the country.

Health is revolution! Let us crush counterrevolution!

CDS, eyes and ears of the revolution! Free fatherland or death! [Signed]
Municipal Committee of the Managua CDS.

BRIEFS

EPS ARMY PREPARED--The spokesman of the Sandinist Peoples Army [EPS] yesterday said those who thought our new military organization could not defend the country's sovereignty are mistaken. Our army was recently organized but its cadres were prepared thoroughly and as fast as required. However, this does not imply that we cannot face any emergency, he added. He said there are currently some 8,000 EPS units who are undergoing intensive training in the use of all kinds of weapons. Several military training schools are operating in our country. [Excerpts] [PA030308 Managua LA PRENSA in Spanish 29 Nov 79 pp 1, 12 PA]

ARMS CACHE FOUND--The Sandinist Peoples Army [EPS] has implemented Operation Sandinist Fist in the city of Leon. It has found various types of weapons in the city. In an operation called, "Let Us Crush the Counterrevolution," the EPS yesterday found weapons and military uniforms hidden in the [name indistinct] neighborhood. The weapons included one M-16 rifle, clips for Garand rifles, 2 .38-caliber pistols and two manual radio transmitters. Our correspondent, Alfredo Torres of Radio Venceremos, also reported that an 81-MM mortar and four shells for this type of weapon were found in the Sandino neighborhood, previously known as San Felipe. [Text] [PA232155 Managua Domestic Service in Spanish 0330 GMT 23 Nov 79 PA]

MINERS TO BE RETIRED--The residents of the Limon Mining Complex, Leon Department, most of whom dedicate themselves to the hard work of extracting gold from the depths of the earth, happily received Commander Jaime Wheelock's announcement that our revolutionary government has decided to retire those miners who have been working for 30 years or whose lungs have been irreparably damaged. Commander Wheelock made this announcement during a visit this weekend to the Limon Mining Complex. Wheelock was accompanied by reconstruction government junta members Sergio Ramirez and Moises Hassan and several other officials from a number of ministries. Some 1,000 workers, who come under Companero Nestor Torres' administrative responsibility, work in this mining complex, which includes the Santa Pancha, El Limon, El Terron and Rincon de Garcia Mines. [passage omitted] [Excerpt] [PA301624 Managua Radio Sandino in Spanish 1200 GMT 26 Nov 79 PA]

FSLN DIRECTORATE REORGANIZED--Granada--The Departmental Directorate Committee of the Sandinist National Liberation Front has once again been reorganized, a companero of the political committee of this city has reported. Companero Marlon Siu is the propaganda secretary, Xavier Lopex is political secretary, Xavier Alvarez is state and production secretary, Ricardo Robleto is in charge of the organization of the masses, Lucia Lorio is secretary of internal organization and Eva Maria Teller is responsible for the propaganda commission. [Text] [PA010353 Managua BARRICADA in Spanish 26 Nov 79 p 3 PA]

PERUVIAN TECHNICAL AID ANNOUNCED--Lima, 1 December (LATIN)--Peru will provide technical assistance to Nicaragua, President Francisco Morales Bermudez today notified the Nicaraguan National Reconstruction Government Junta. In a cable sent today at noon, Morales Bermudez indicated that Peruvian cooperation would be aimed at the mining sector. In the cable sent to junta member Sergio Ramirez Mercado, Morales Bermudez explained that the Peruvian diplomatic mission in Nicaragua "will be in charge of the necessary coordination." The chief of state's proposal also established that a Peruvian technical mission will soon visit Managua. [Text] [PA031607 Buenos Aires LATIN in Spanish 0216 GMT 2 Dec 79 PA]

EUROPEAN AID REPORTED--Mario Cardenal, director of European economic cooperation of the International Fund for Reconstruction [FIR], has reported that the total European contribution to the Government of National Reconstruction consists of 200 million cordobas in loans, 369,15 billion cordobas in grants and an as yet undetermined sum under negotiation. The FIR has not yet compiled data on aid received from the GDR, since these donations were made before the institution was created. However, it reports that the Soviet bloc countries have provided medicine, food and so forth and is moreover the only country that has received injured veterans of the war. These Soviet bloc countries have not yet granted loans or donations to Nicaragua, although some negotiations may be carried out with missions from the two countries which are expected in the next few weeks. [passage omitted] [PA030105 Managua EL PUEBLO in Spanish 29 Nov 79 pp 1, 8 PA]

ITALIAN AID SHIPMENT EXPECTED--Companero Mario Cardenal, European cooperation director of the International Reconstruction Fund, has reported that the ship (?Valvanuz) will arrive at Corinto Port on 21 November with part of an Italian aid shipment including 1,000 metric tons of rice and 18 tons of food. [PA212300 Managua Radio Sandino in Spanish 1800 GMT 19 Nov 79 PA]

STUDENT RADIO STATION--Students at the Ruben Dario University now have their own radio station which broadcasts information on university activities from 0800 to 2000 daily. The radio station, called Radio Revolution, broadcasts within the university and is staffed by Sandinist youth leaders. [PA010016 Managua La Prensa in Spanish 27 Nov 79 p 9 PA]

VOLUNTEER COFFEE PICKERS--Some 800 volunteer members of the Carlos Fonseca Coffee Picking Brigade went to Matagalpa last weekend to help insure the prematurely-ripened coffee beans are not lost. Brigade members include employees of various ministries and other state institutions as well as students, 4 doctors, 76 paramedics and fumigators. [Managua BARRICADA in Spanish 27 Nov 79 pp 1, 12 PA]

CDS RESTRUCTURING--Jinotepe, Nicaragua--Some of the Sandinist Defense Committees [CDS] of this city are being restructured and purged of Somozists but others still cannot function. The CDS that have been restructured in the San Juan neighborhood of this city are those of blocks 13, 17 and 18. [Managua LA PRENSA in Spanish 27 Nov 79 p 4 PA]

CST SEMINAR TO BE HELD--The First National Seminar of Cadres of the Sandinist Workers Central [CST] will be held from 10-14 December. This seminar will be held to analyze political and military aspects of the insurrection, to study the main laws, decrees and progress made by the new national reconstruction government and to discuss the country's economic situation and the movement to socialism. Some of these topics will be discussed in lectures by commanders such as Interior Minister Tomas Borge; Humberto Ortega Saavedra, Commander in Chief of the Sandinist Peoples Army; Carlos Nunez; Henry Ruiz and other companeros including Moises Hassan, member of the Junta of the Government of National Reconstruction. The seminar will be held at the Gruta Javier in Managua. [PA011600 Managua Domestic Service in Spanish 0330 GMT 1 Dec 79 PA]

CSO: 3010

NATION MUST HAVE VOICE IN PARANA TALKS, SAYS JOURNAL

Montevideo EL DIA in Spanish 18 Nov 79 p 8

[Text] It is well-known that our country might be ignored in connection with the problems that have just been resolved in relation to the basins of the Parana and Uruguay rivers and, hence, the River Plate.

Because of the far-reaching significance of the issue, we must be particularly careful about we say and write, and we will, therefore, try to state precisely what we mean.

For various technical reasons Brazil, Argentina and Paraguay have kept the agreements on the hydroelectric harnessing of the Upper Parana bottled up for a number of years. They were trying to coordinate the various bilateral projects on tap, and as everyone knows, we have nothing to do with this. It is also obvious, however, that the general agreement that our three sister nations have finally and fortunately reached oversteps the bounds of what they were discussing. The press of the three nations has concurrently stated that this is a historic pact that will have an impact for quite some time on the transportation, road network, navigation, trade and development of the entire Plata Basin. We are a part of the latter.

Thus, in the first statements after the agreement, President Figueiredo himself referred to new Argentine-Uruguayan hydroelectric dams on the Upper Uruguay, as well as bridges. Obviously, the immediate future will see the inevitable rearranging of the entire basin. To the extent that the tripartite discussions and deliberations are not attended by Uruguay, though no one might want to overlook us, the objective result could be that we will be left on the sidelines in various spheres.

This is the point to which we wanted to call attention. It is a basic point.

URUGUAY

SOME ASPECTS OF NEW LABOR LAW SUMMARIZED

Montevideo EL DIA in Spanish 17 Nov 79 p 16 Supplement

[Article by Sergio Papa Blanco]

[Text] The object for more than 6 months of a lengthy process of talks at both the domestic and international level, the Professional Associations Bill, which includes the rules governing union activities, will be sent during the first 2 weeks of December to the Council of State in the final phase of its move toward passage. In a matter-of-fact reference to the philosophy behind it, Vice Adm Hugo L. Marquez said during the ceremonies commemorating Navy Day last Thursday that the bill "would be devoid of demagogic concessions," asserting that "no one can defend workers better than the workers themselves." The member of the Junta of the Commanders-in Chief also announced that "the labor activities law is to be enacted." It is currently undergoing final revision in the Ministry of Labor and Social Security.

Observations

Nationally, the first draft, which was duly publicized and submitted to a number of union groups for their consideration, prompted various comments from the CGTU [General Confederation of Workers of Uruguay], the ABU [Association of Bank Employees of Uruguay] and the ASU [Uruguayan Trade Union Action], among other bodies. All of them issued special documents, which had wideranging repercussions both among the respective trade unions and in the government branches to which they were distributed. For its part, the Social Action Department of the Uruguayan Episcopal Conference (CEU) also made public a series of reflections on the labor bill.

Current Activities

At the moment, Minister Dr Jose Enrique Etcheverry and his team of advisers are engaged in implementing the reform of the social security system that was recently approved pursuant to Institutional

Act No 9. Under the provisions of this act, by 1 December the following should be at their jobs: the director general of social security and the six directors of the three government funds (industry and commerce, civil and rural) and the three private ones (banking, university professionals and notaries) that make up the new system, from which the Armed Forces, the police and the salaried workers of the Jockey Club. The timetable drawn up by the Labor and Social Security Ministry (MTSS) authorities specifies, as its initial step, everything having to do with the so-called Professional Associations, which include workers and employers.

Council of State

The aforementioned bill will be sent to the Council of State almost certainly during the first 2 weeks of December, and it will first be studied by the committee chaired by Dr Marcial Bugallo and consisting of advisers Eduardo Praderi, Aurora de Silva Ledesma, Brum Cardozo, Laborde, Martín Martínez, Pattochi, Hamlet Reyes and Rodríguez Marguery. At the moment the group is analyzing a number of side issues, such as revamping the provisions dealing with personnel at rice plantations, sugar mills or logging developments, within the framework of the provisions of the Rural Workers Code. After it is approved by the committee, the bill will be considered by the plenary session of the council, which sits in the Legislative Palace, and once passed, will be sent to the Executive Branch for enactment.

Next Steps

Circles close to the leaders of the current process feel that in this way the year drawing to a close will see the groundwork established in the administrative sector, with the passage of various budget reforms and the modifications of the Organic Law of the Navy and Air Force; in the economic sector, with the Tax Reform Law that has been passed, and the social sector, with new retirement regulations. The panorama will thus be rounded out with the labor union law. Thus, once the guidelines are set forth for the nation's infrastructure in the aforementioned spheres, as well as in education (where the country's traditions are also being radically altered), government sources feel that everything will be ready for 1980 to be the year of the constitution, 1981 the year of national elections and 1982 the year of the inauguration of the new government that emerges from the elections, which might be based on a single candidate supported by the two traditional parties and with the backing of the Armed Forces.

Stipulations

The first draft of the professional associations bill consists of 44 articles divided into 5 sections. It states that there can be first, second and third degree associations, in a pyramid-shaped scale. In order to be a member of a first degree labor association, a person must: a) be a natural person; b) be a citizen or have legal residency; c) be a worker in the specific activity in question. To be a leader the additional requirements are: a) legal capacity; b) current natural or legal citizenship; c) declaration of democratic faith, and d) active membership in the body for at least 2 years. First degree associations are formed by enterprise (not by profession) and must have a minimum of 15 workers.

Official Register

After stipulating a series of common requirements for employer and worker groups, the bill states that the MTSS will keep a register in which the professional associations must enroll. To this end, their bylaws will have to fulfill the following conditions: 1) respect the national legal order; 2) pursue exclusively labor or professional goals, with no references to politics, religion or profit permitted; 3) decisions involving orientation and attitudes must be made in assemblies or plebiscites; 4) elections of officials and plebiscites will be by secret, obligatory vote. The registration of a professional association will be canceled in the event of its dissolution, when it is shown to be in noncompliance of the goals or requirements for its establishment or operation, or if it fails to comply with the national legal order.

Reports and Assemblies

The associations must furnish the reports on their professional activities that the appropriate public authorities require of them, as well as submit at the close of each fiscal year the documentation to verify their financial standing and net worth. With regard to assemblies, they will be held outside of working hours, last a maximum of 4 hours a day and can be in session and adopt valid resolutions with a minimum quorum of 30 percent of the members eligible to vote. A member who without just cause fails to vote in elections or plebiscites will have his active membership suspended for a year.

Official Control

The bill includes 4 articles (34 to 37) that set forth general provisions relating to the supervision of professional associations. It is the duty of the Executive Branch, it notes, to see to it that

this law is duly complied with, through its appropriate agencies. The Labor Appellate Court and the Administrative and Electoral Courts will also have jurisdiction. The decisions of the court cannot be appealed, either before or after execution of judgment. In the case of elections and plebiscites, the registration of lists and the reporting of these activities will be done at the Ministry of Labor and Social Security. Protests filed against election proceedings and plebiscites will be tried and resolved by the Electoral Court. In this way, various state agencies will exercise complete supervision over all of the spheres of activity of professional associations.

Consultations with the ILO

The bill drawn up by the MTSS will very likely be a milestone in the work being done by the current minister, Dr Etcheverry Stirling, inasmuch as it is the last major sector to be dealt with at the cabinet level. International-level consultations have been held with regard to its foundations, inasmuch as Uruguay has signed treaties within the UN sphere of action (specifically the International Labor Organization) and therefore must bear in mind coordinating UN provisions with domestic plans. Official sources have emphasized on several occasions that these talks are proceeding smoothly and that they of course do not in any way affect our nation's sovereignty, inasmuch as a decision is ultimately up to the national government. As far as we know, the ILO commented on 11 of the bill's articles. The dialog is still open, and at the moment a ministry delegate is in Geneva, the ILO headquarters, for this purpose.

8743

CSO: 3010

URUGUAY

RICE PROCESSING PLANT IS INAUGURATED

Montevideo EL PAIS in Spanish 18 Nov 79 p 10

[Text] Treinta y Tres (from our correspondent)--"The government has been constantly promoting agroindustrial development, in keeping with the guidelines established at meetings. This plant is a magnificent example of a promise come true," stated the minister of industry and energy, chemical engineer Luis H. Meyer, in underscoring Arrozur's vigorous presence in the country's production sphere.

National authorities, led by the president of the republic, traveled yesterday to the Arrozur plant that processes this department's rice by means of the latest techniques. The ceremony was another example of the dialog between the government and private sectors that support the nation's development with their efforts.

During the inaugural ceremony Minister Meyer emphasized that "almost one-half of the 170 projects that have been declared of national interest, which have close to \$156 million in fixed assets and generate 10,000 jobs, use agricultural raw materials, and more than 44 percent of these projects are located in the interior. A \$7.25 million AID loan for agroindustrial development has been floated, and we are about to conclude a \$22.5 million World Bank loan. Replacement credits are currently being negotiated with the IDB, preferably for agroindustries, as well as a second World Bank loan, basically for industrial reconversion."

"We think that projects like Arrozur must play a leading role in the development of the interior," he said, before emphasizing that the Bank of the Oriental Republic of Uruguay (BROU) made an extraordinary effort to furnish much of the financing.

Consortium of Five Firms

Ricardo Ferres, the chairman of the Arrozur Board of Directors, pointed out that the firms CIPA S.A., Arrozal 33 S.A., Nicolas L. Casarone S.A., Cooper Ltd and Saman got together to form this enterprise and bring in, with the support of the government and the BROU, the technology of the "parboiled" system for processing rice.

"I am not exaggerating when I say that more than 90 percent of the rice that Uruguay has produced, processed, marketed domestically and exported has been processed by these five firms in recent years," Ferres pointed out. "The fact that they have gotten together to jointly tackle a program like the one that involves the startup of this plant, I think bespeaks their enterprising spirit and their confidence in the country and its rice, and confidence with a long-range view."

He went on to say that the parboiling plant was constructed in Treinta y Tres thanks to the incentives provided by industry, banking and commerce, the municipal authorities, headed up at the time by Colonel Monesiglio, and the regional authorities, under the leadership of Lt Gen Gregorio Alvarez."

He pointed out that the land was transferred by the Treinta y Tres Development Association and the mayor's office, while the Executive Branch declared the project of national interest, and the BROU, directed at the time by Gen Abdon Raimundez, financed the construction.

Ferres stated that "the plant is the last word in technological construction; its processes are the best, and the final result, the rice that it yields, is excellent. I should mention that the quality of the parboiled rice, which depends on the process, could not be achieved without a basically good and sound rice. We have this today in Uruguay, thanks to proper policy in all production details."

The authorities toured the plant and noted the advantages of an industrial process that guarantees unusually high quality rice with many favorable features for cooking and consumption.

8743

CSO: 3010

URUGUAY

BRIEFS

ARAB INVESTORS--Reliable sources have confirmed to LA MANANA that on 15 December 1980 an extremely important meeting of the Latin American Arab Bank will be held in our main seaside resort. The bank was formed about a year and a half ago with Arab capital and capital from various banking institutions in Latin America. Uruguay is part of the institution through the Bank of the Republic (BROU); the other members are the Bank of the Nation of the Argentine Republic, the Bank of Brazil and the State Banks of Chile and Peru. Arab capital has a 60 percent share in the Latin American Arab Bank (ARLABANK), with Latin American contributions comprising the remainder. The BROU's share is two percent. The prospects for the bank's activities in South America are increasing every day, and the very fact that the next meeting of its leading members will be held in our country indicates how important this is for Uruguay. The presence of major Arab investors in Punta del Este from 15 December 1980 on could lead to sizable investments in our country, our informants stressed. The ARLABANK is headquartered in Lima, but because of the special characteristics that Uruguay is acquiring as an international financial market, the possibility cannot be ruled out that a decision will be made at the Punta del Este meeting to set up an office in our country. In addition, the sizable Arab capital that will be represented at the meeting could lead to investments at various levels independently of ARLABANK activities. It is for this reason that the ARLABANK assembly is particularly important to our country. As we mentioned, it will be held in Punta del Este starting 15 December 1980. [Text] [Montevideo LA MANANA in Spanish 19 Nov 79 p 1] 8743

PASO SEVERINO DAM CONSTRUCTION--"It is becoming feasible to install two turbines, not one, as was initially planned, at Paso Severino Dam for the purpose of bolstering Montevideo's electricity system," OSE [State Board of Sanitation] spokesmen have disclosed. They added that a decision in this regard would be made during the first few months of next year, since the pertinent technical studies are at a very advanced stage. The Paso Severino Dam, construction of which will begin in 1980 on the Santa Lucia River, will thus have a dual function: as a source of drinking water for Montevideo and as a generator of electrical power. Technical Solutions--A decision will also be made as to the power range of the two turbine.

with respect to the technical solutions for setting them up as part of a project that was initially conceived for the sole purpose of making the water of the Santa Lucia River drinkable. Such solutions are considered quite feasible, inasmuch as the location of the generators will affect neither the structure nor the operational part of the dam. The construction work on the complex, most of which will be paid for by an international loan agency, will appreciably increase the supply of drinking water to Montevideo, looking ahead to the year 2000. The operational plan for the project includes the construction of complementary deposits of water, for which the OSE has just requested bids. [Text] [Montevideo EL DIA in Spanish 20 Nov 79 p 1] 8743

CSO: 3010

POMPEYO MARQUEZ DISCUSSES 1980 MAS CONVENTION

Caracas BOHEMIA in Spanish 19-25 Nov 79 pp 52-55

[Interview with Pompeyo Marquez, secretary general of the Movement for Socialism (MAS), by Humberto J. Hernandez, time and place not given]

[Excerpt] We Are Not Social Democrats

[Question] Your movement has been accused of diverting efforts towards social democracy and of practicing political pragmatism. How do you refute such accusations?

[Answer] We are not social democrats because social democrats advocate reforming capitalism. We want to reorganize Venezuelan society along new lines that are different from the lines of the capitalism we have. We want an independent development, one that is autonomous, planned and harmonious; it cannot be achieved without changing the essence of the monopolistic-capitalistic development that Venezuela has. So this is fundamental. It is not a matter of trading one man for another or one party for another. It is a question of changing the way Venezuelan society functions, the way it has been governed and administered throughout the decades. There lies the essence of our revolutionary efforts.

[Question] Can this be achieved within a democratic structure?

[Answer] We feel (he answered unreservedly) that it can be achieved within a democratic development in which the policy leading to this reorganization of society is conceived in terms of millions, not in terms of a tiny vanguard. We feel that Venezuela has the right conditions for the convergence of different currents, which have shown an interest in one way or another in making sure that things do not continue as they are.

[Question] Do you think some groups are impatient?

[Answer] Yes. Not only impatient, but I would say immature. Some people are out of touch with reality. Of course, it would be truly stupid of us, or rather me, at this stage of political development when we are mature

and prudent (without false modesty), to behave childishly, precipitously and impatiently, as we did in the past. It is precisely that quality that is one of MAS' great treasures. MAS has already analyzed and drawn the conclusions that correspond to that type of behavior.

[Question] And why aren't you pragmatic?

[Answer] Pragmatism is presented without any theoretical spirit, without, shall we say, any ideological spirit. Of course, MAS' policy has an element of theory; it has a theoretical basis. It is a complete design for the best way for Venezuelan society to function. The process of creating this design is also replete with certain ideological, mystical, ethical and moral elements, which do not exist in that vulgar pragmatism. In contrast, we try to educate our movement and convince our people that to transform Venezuelan society, to save it from its present state of conflict, confusion, frustration, disillusionment, implies a great moral revolution, a great ethical revolution. We state very specifically that Venezuela needs more than a political message; it needs a moral message. As we see it, we are proposing something very sublime that has nothing to do with pragmatism.

Will Seek Reelection

The Movement for Socialism is about to begin its internal electoral process next Thursday 22 November. The process will culminate on 26 March of next year when the national convention is held. There the MAS National Board will be reelected. The process will begin with small-scale assemblies, and will go on until the end of January and the beginning of February, when the parish, municipal and district elections are held. The final step will take place in two stages: the first will be the regional assemblies that will be held until 9 March; the second and final step will be the national convention, on 26 March.

[Question] Do you hope to be reelected as secretary general, or are you ready to step aside for the next generation?

[Answer] (Pompeyo's immediate and forceful answer indicated that he had been expecting that question): I hope to be reelected secretary general, and I also hope to step aside for the next generation.

[Question] In what way?

[Answer] In the way we have set forth in the MAS, where we think we have found the indispensable means to undertake changes of personnel, rotations, in order to demystify the offices of secretary general and president of the parties. We feel that from the point of view of a leftist organization, the bylaws that govern the convocation of our convention, as well as the statutes we intend to pass at the convention, contain some truly important innovations.

[Question] Such as. . .?

[Answer] For example, with regard to the main leadership positions, we have agreed to expand what is commonly referred to as the "dome" of power. This means, in the case of MAS, that we are going to have one president, two vice-presidents, a secretary general, and we are studying the situation of the deputy and assistant secretaries general. Right now MAS just has a secretary general and a deputy secretary general, as well as two assistant secretaries general. We are going to expand that. We are also going to establish terms, so that the secretary general will serve his term and then be reelected only once. This essentially adds up to blocking leadership positions, thereby opening up the possibility for generational changes in these posts, as you have called them; there will also be a possibility that this rotation will promote mobility in the leadership in terms of functions, so as to avoid tensions in the struggle to obtain such positions. I am among those who came out in favor of a renovation, a modernization of the party. In terms of the party's internal life, there has been an expansion of democracy in the MAS, which has never been done before in any leftist movement.

[Question] Isn't this expansion of the leadership "dome" of MAS just a kind of "stretching the bureaucratic rubber band" in order to satisfy appetites within the party?

[Answer] No, you don't have to look at it from a bureaucratic standpoint. You must look at it (he emphasized) from the point of view of reality, of degrees of intensity, and of the interests of the organization itself. For example, in the case of MAS the political space we occupy forces us to make greater efforts and take greater initiative in our leadership. There is no human being, there aren't even two or three human beings, who can meet the demands made, in various areas of social life, on a force that is trying to become one of the decisive elements in a front or a great movement that aspires to attain power.

[Question] Your answer is satisfactory from the MAS standpoint, but one of the factors that have supposedly affected the division of the MIR has been precisely that: bureaucratization, the scramble for positions. Isn't the same thing happening in the MAS?

[Answer] Well, I am not familiar with that aspect of the MIR internal crisis. In our case, there is much less of that. In the MAS we have found a positive way to confront the problems of development and solve the difficulties of the nucleus or corps of leaders.

With regard to the post of MAS secretary general, Pompeyo Marquez, who currently holds the position and hopes to be reelected, confirmed that through the statutory mechanisms he will lose that image of "exclusive chief" that his counterparts in other parties enjoy.

"In the MAS," he stressed, "fortunately, because of the way I have proceeded in that position, such exclusive leadership hasn't existed. I have made every effort, based on many years' experience, to democratize the general secretariat and divest it of any trace of personalism, messianism, exclusive leadership, omnipresence or omnipotence."

8926

CSC: 3010

MIR SPLIT SAID TO PRODUCE RADICAL CONVERGENCE

Caracas BOHEMIA in Spanish 12-18 Nov 79 pp 20-23

[Article by Humberto J. Hernandez]

[Text] Just when sociologist Rigoberto Lanz was telling us about the imminent physical split of the Movement of the Revolutionary Left (MIR), the newspapers were reporting that next Saturday 24 November former guerrilla leader Douglas Bravo will join the political debate and the struggle of the masses. He is making this move in the name of the unification of the Party of the Venezuelan Revolution (PRV) (Douglist) and the "Rupture" movement.

These two announcements give rise to an equal number of fundamental questions. The first would have to do with the MIR split, and whether or not this new schism of the revolutionary left is a confirmation of that old and fatalistic stigma which condemns the Venezuelan left to a tradition of factionalism, in the form of a sort of archipelago in which each separate island has its own general without an army.

The second issue could be interpreted as a historical regrouping of the revolutionary left under the virtual leadership of Douglas Bravo, who will make another public appearance at a popular rally being organized for next Saturday 24 November. Douglas Bravo seems to have chosen an opportune time to join the struggle of the masses and the political debate, in that right now the country is ripe for such a move. Those reporting the event believe that "there is a general crisis in the political, social, economic, institutional and moral order;" that is, the country, according to sociologist Lanz, "is active, it is hot. There is a climate of popular mobilization in the country that allows things to go faster than during calmer periods."

In this second interpretation we should add some considerations that are pertinent and of current interest. For example, the magazine CAMBIO 16, from Spain, in its issue for the last week of May this year, published an interview with Douglas Bravo. One of the questions dealt with his reasons for remaining underground and refraining from becoming active in politics within the framework of democratic processes, even though his legal case had been dismissed. Douglas gave a long answer, emphasizing that "in the current crisis in Venezuelan

society, in a year when more than 1,500 collective labor contracts have to be bargained, I am sure that the government will launch a reconciliation campaign with the leftist forces so that the new contracts will favor the ruling class, and so that the crisis will not lead to a revolutionary outcome, but rather everything will be solved within the institutional bourgeoisie set-up. Moreover, it is not I who decides whether or not I will stay underground; it is my party, and the decision depends on the circumstances that arise."

A New Way

In that same CAMBIO 16 interview, Douglas Bravo brought up the idea that the revolutionary left must search for a new way to achieve power, and not settle for the spoils left by the bourgeoisie in some areas of power in Parliament and other institutions. This is what the Eurocommunist strategy has been. But these very institutions have already lost their specific weight in the handling of problems.

"In that manner the revolutionary movement can develop for a long time," argues Douglas, "believing that it is expanding democracy. What it is actually doing is creating a pact whereby it is allowed to function in certain areas and not in others; the latter areas are the crucial ones. It is in the executive branch where the important decisions are made, and the revolutionary movement will never get there. Therefore, even though it may be a long-term prospect, any revolutionary movement must prepare to follow other routes that do not involve Parliament."

At the end of that interview, CAMBIO 16 asked: When will circumstances be right, in your opinion, for a new wave of armed confrontations in Latin America?

Douglas' answer, made at that time when the crucial battle was going on in Nicaragua and the revolution had not yet triumphed, emphasized the following:

"Nicaragua is the first battle of the second great awakening of the continent in this century. To leave it alone would mean postponing further the possibility of revolution. But if Nicaragua is not abandoned, the possibilities will be different: Guatemala is undergoing a crisis, El Salvador and Honduras too; Colombia has a permanent, irrepressible crisis; Brazil and the Southern Cone countries are going through a very serious economic crisis. And the most 'shining' example from Europe's point of view, Venezuela, is full of fictions for foreign consumption. It is wracked by tremendous conflicts, and has reached the end of the "years of plenty" of the former administration of Carlos Andres Perez. There is a regional crisis on the American continent. The task of turning it into a struggle is not easy, nor is it impossible. Even if an immediate victory is not won, if the continental uprising is capable of leaving its mark on the future, I think it will be worth our while to dedicate ourselves to this great utopian adventure of ours."

MIR Split

The ideas presented by Douglas Bravo are not, of course, new to the revolutionary left or to any other political persuasion. Within the Movement for Socialism (MAS), People's Electoral Movement (MEP), MIR and other recently formed parties, it is known that various wings, some more defined than others, co-exist, based on a common denominator: the triumph of the socialist revolution links them like an umbilical cord.

Aside from this link, however, there are other very important factors that separate them and place them in contradictory positions in terms of tactics and strategies in some cases, and in terms of personalities in many cases. Some of these antagonisms have existed in the MIR for many years, but on no other occasion have they led to a crisis; when Simon Saez Merida, cofounder and former secretary general of the movement, left the group, he did so precisely to avoid controversy. But now the situation is different, as can be deduced from statements made to us by Professor Rigoberto Lanz, member of the National Political Board of the MIR and director of the School of Sociology and Anthropology at the Universidad Central de Venezuela. Professor Lanz heads the Marxist wing. The other wings are represented by Americo Martin, who advocates the renovation of Marxism and has been accused of diverting efforts towards social democracy; Moises Moleiro, identified with the Marxist-Leninists; and finally Alberto Franceschi, who represents the smallest wing, that of the Trotskyites.

Lanz spoke with us Friday 2 November, and said the following: "At this time no one in our movement would argue about who is really right. I myself have said very sincerely: MIR is on the verge of collapse; Comrade Americo said: There is a crisis; and Comrade Moleiro said: What we have is discussion, not crisis nor collapse, but discussion. I say at this time: MIR is divided; there is no way to save it."

[Question] Do you rule out the possibility of a national conference?

His categorical response was: "There will be no national conference."

The conference had been scheduled for last weekend (Saturday the 10th and Sunday the 11th); 80 percent of the regional conferences had not yet been held. Later, several days after Lanz made that statement, the National Political Committee of the MIR "decided to postpone the Eighth National Conference and temporarily suspend the process of regional conferences, for which new dates will be set."

"The announcement I would like to make," admitted Lanz, "is a little sad and dramatic: The MIR is divided at this time, objectively speaking, and any attempt to cover it up or any sudden change made to hide it is beyond my responsibility. Furthermore, we as Marxists refuse to recognize the results of the conferences held throughout the country, because there was political fraud, in the sense that there were all kinds of arbitrary actions, steamrolling,

and all the aberrations that are so familiar in the political parties of the world. Therefore we refuse to support the party leadership as a matter of principle, because their inability to lead is patently obvious. The leaders should resign en masse as a demonstration of their inability to orient the process. Since these leaders don't even meet anymore, since they have abandoned the party and are draining themselves, we withdraw our support for them and call upon the party to rise up against these leaders."

According to Rigoberto Lanz, the situation in the MIR has reached such an extreme that at this point it is impossible to reach any understanding. As a consequence, it would be useless even to try.

"I think, and I am sure Alfredo Caraballo, a leader of the National Political Board, agrees with me, that it is not even desirable to reach any conviction or agreement, because at this time an agreement under these circumstances would be like defending a dead body, just to give it another 2 months. That would be a negative act, given what is happening. Things have reached such a state that our internal politics are decomposed and putrifying, and it is almost not worth the effort to try any remedy."

[Question] Why is the MIR divided? Are there ideological problems?

[Answer] There are ideological problems, as there are in every party in the world; it is inevitable. They have always been there; it is nothing to get excited about or grieve over. Ideological problems exist in even the most united parties. There is no party in the world, leftist or rightist, that does not have internal problems to a greater or lesser degree, more or less clearly defined, more or less intense. There were ideological problems between Lenin and Luxemburg, between Lenin and Kautsky, between Marx and Engels, between Gramsci and Togliatti, between Mao and Lin Piao. In the case of the MIR, I think personal problems, the scramble for positions, are masked behind ideological conflicts. It is obvious that anyone looking at my work and that of Moleiro, Americo and Franceschi, will see that there are differences; but such differences do not lead to the creation of four different parties. If that were so, we would be condemned to remain separate from here on in, for the rest of our lives. If it is true that the party is divided over ideological conflicts, that means that from now on there can be no possible understanding between Americo and Moleiro, between Moleiro and Franceschi; that we are condemned to have four parties forever.

Lanz deemed it appropriate to state that the Marxist wing which he heads is not to blame for the split.

He asserted: "We are not to blame for the fact that discussion has degenerated from a theoretical debate into a scramble for jobs. It is not our fault that in this party discussion has been deceitfully manipulated through all kinds of cruelty, trickery and 'pulling the rug out from under people,' as they say now. It's not that we are so pure or terrific; we simply have always understood from the beginning that our debate, in order to avoid falling into a scramble for positions, had to be, and really should be, a confrontation

of the political ideas of the members. Thus, we do not feel responsible in any way for the dramatic split. But we do feel that other wings, other members are indeed to blame."

Towards a Revolutionary Unity

The wing headed by Rigoberto Lanz is on a war footing, taking positive steps. By means of a political declaration (which should have been published today), they will call upon the revolutionary left to make this a time of revolutionary unity, as the most important political task, given the MIR split. For this purpose they have maintained contacts with many comrades and political groups such as the "Rapture" group, the EPA [expansion unknown], and many other proletarian groups that are undergoing very important political transitions.

[Question] Could this revolutionary unity lead to the founding of a new leftist party?

[Answer] Yes. I believe we should be clear from the beginning. It is a question of building up a revolutionary force which, to my way of thinking, goes beyond the idea of a Revolutionary Party. But it cannot be a combination of factors that have simply been put in a blender and mixed up, because that would be copying something that happens every day. It is not a question of putting together a lot of short pieces to make a long one. If we did that we would be deluding ourselves. I think we must pay the price of determining patiently, sincerely and thoroughly what are the real points of agreement that exist among the groups of the left. Without any dramatics or political acrobatics, we must have the maturity to endure the growing pains of this unification process. I believe that the country is giving us a great opportunity in the radical left; it will be possible for a revolutionary leftist movement to come to power in a different way.

I have no problem with Americo Martin and Moises Moleiro setting up shop separately after the MIR split, although it is most likely that the name of the MIR will be kept, for legal and administrative reasons.

We are not worried about that. Besides, we are not going to fight over an old rag (the name MIR). We will simply continue to be a Marxist movement, going towards a merger with other groups and persuasions, towards the formation of a revolutionary force. There are many reasons for this movement, but the most important one is that the country is active, it is hot. There is a climate of popular mobilization in the country that allows things to go faster than during calmer periods.

[Question] Does Douglas Bravo's announcement that he has publicly joined the struggle of the masses have any relation to the efforts for this revolutionary unity?

[Answer] I think that several things could be noted. In the first place, if it had any relation it would be indirect, in the sense that obviously when a comrade of the stature of Douglas Bravo joins the leftist political debate,

he adds a new ingredient, a qualitative element, which I think will help a great deal to thicken, qualify, and give more substance to many of the proposals that are now simply provisional. In the second place, I think this will facilitate the ideological and political decanting of the discussion that has been going on, that has been delayed or hushed up by the very group which Douglas Bravo represents. In the third place, we now have two types of relations, very friendly ties, which we would like to conserve as long as possible with Douglas as well as the dissident group of the Venezuelan Revolutionary Party. We will not sacrifice either of them by entering into a debate that is none of our business, that we are not capable of challenging on the basis of its justifications. If there is a possibility of a merger between them and us, let that be the result, not a combination in the shadows, a back-room deal. It should be a clean process, carried out in broad daylight, the fruit of theoretical and ideological agreements that have a historical continuity. It should not be the result of a simple desire to be bigger, to grow, to have an artificial political presence.

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VENEZUELA

NEW RIGHT WING PARTY TAKES SHAPE

Caracas BOHEMIA in Spanish 26 Nov-2 Dec 79 pp 62-63

[Interview with Juan Luis Ibarra, leader of the Venezuelan Nationalist Movement, by Ligia Saez de Dorta, place and time not given]

[Text] Today there are no admittedly rightist parties in Venezuelan politics. The Social Christian Party (COPEI) has moved toward the center and the left in order to compete with Democratic Action (AD) and the leftist parties, in search of the votes of the nation's population.

This political vacuum, along with the breakdown of Venezuelan democracy, means that the right is trying to make itself heard. For this reason, new groups are being formed to fill that space.

One of these groups is called the Venezuelan Nationalist Movement, and its most outstanding figure is Attorney Juan Luis Ibarra Riverol, a retired military officer who has been in the news before in this country.

In 1972 Dr J. L. Ibarra requested permission to retire as a major in the Venezuelan armed forces, but his request was denied. He was put on active reserve instead. At that time the measure was agreed upon by the Venezuelan Armed Forces Investigation Council, and was recommended to President Rafael Caldera.

Later Ibarra asked the Supreme Court to overturn this measure, and the court found in his favor.

In 1974 he defended Simon Herbert Faull in the "La Chatarra de Oro" case. He also served as defense attorney in the case of the late Capt Aristides Gonzalez, who in May 1973 took a Canberra airplane belonging to the armed forces, to Cuba.

We talked with Dr Ibarra about the political movement he is founding, and he gave us the following answers:

[Question] Why is the Venezuelan Nationalist Movement being formed?

[Answer] At present the existing political parties in the country think that Venezuela is a big business; they have completely defrauded the people. That is why we came into existence, to rescue the country from the moral and social crisis in which it has fallen.

[Question] When you say "we," to whom do you refer? Who makes up the movement?

[Answer] We are a group of about 1,500 Venezuelans who are organizing ourselves in order to meet the great challenge of rescuing Venezuela from the ashes it is now buried in. Our guiding light is not politicking, and we do not have any politicians in our ranks; we do not believe in politicians.

[Question] Isn't that last statement naive?

[Answer] Many have assumed that politics is synonymous with hypocrisy and manipulations for the purpose of attaining power. I believe that, as former German Chancellor Conrad Adenauer said, "In politics, one must always be very sincere, always tell the truth."

[Question] Who is in charge of the Venezuelan Nationalist Movement (MNV)?

[Answer] This movement must start out with a single leader, and I am at the head of the organization.

[Question] Are there retired military officers in the movement?

[Answer] We have several officers and petty officers of different ranks, who were unable to express or develop their political ideas as long as they remained active in the military. Now, they see our organization as an opportunity to participate, and help bring our country to a higher political level.

[Question] Could you give us some of the names of the people who are at your side in leading the MNV?

[Answer] Next time we will give the names of our main members. For now, we are still in the purely organizational stage; we are involved in proselytizing and mobilizing. Once that stage is finished and our organization is solidified, we will release the names of the people who are helping me.

[Question] Ideologically speaking, where do you place the MNV?

[Answer] Our movement takes its inspiration from the doctrine of Venezuelan nationalism, and could be defined by the following postulates:

Our guiding light will always be Bolivar's Doctrine.

Nationalism above all else.

Make work a habit.

Moralize Venezuela; eradicate drugs.

Maintain integrity at all costs.

Rescue our children, our youth and our wealth.

Make Venezuela a healthy country.

Venezuela and things Venezuelan come first.

[Question] Don't you think, Dr Ibarra, that this movement has a religious quality?

[Answer] We don't think so. Although the members of the movement believe in God, we are not inspired by any form of religion but by the ideal of making Venezuela a great and different country, the country that figured in the dreams of our Liberator.

[Question] The fact that you are not politicians and that you base your movement on nationalism gives you something in common with other political groups such as the National Integrity Movement. Have you talked with them in order to reach agreements or integration?

[Answer] We have not talked with any group because for now we plan to grow by ourselves. Afterwards, if there is agreement with other movements and we are able to have real and sincere talks, we might think about integration.

[Question] What do you think of the Supreme Electoral Council's resolution requiring all new political organizations to notarize the signatures of their members in order to become legal?

[Answer] The Supreme Electoral Council's resolution, in boxing terms, is a low blow. From a legal point of view it is an abuse of power. As a lawyer, I will try to appeal to the Supreme Court to overturn the resolution. I am sure that the honorable court will throw out this administrative resolution, since it is contrary to the law on political parties.

If the Supreme Electoral Council was attempting to stop us, that is the most ridiculous thing they could have thought of. The only thing they will achieve is to delay our legalization a little. What this resolution tells us is that the so-called status quo parties want a dictatorship of political parties.

[Question] Dr Ibarra, an extreme defense of nationalism is a common theme in fascist movements throughout the world. Isn't the MNV the embryo of such destructive ideas?

[Answer] No! We will probably be called fascists, Hitlerites, maybe now to bring us up to date they will call us Somozists. This is normal; they are trying to scare us to take away members. At a given moment in history fascism arose in Italy because the people wanted to liberate themselves and become self-sufficient within their own definition. They had to make that decision. But I want to stress that our movement does not want to impose any type of dictatorship at any time. We firmly believe in democracy, and we want to be guided by the methods that this system provides. I would not be surprised if in the future they call us conspirators or guerrillas. That is normal in the power game.

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VENEZUELA

PUBLIC DEBT MAY INCREASE BY 35 BILLION BOLIVARS

Caracas EL UNIVERSAL in Spanish 14 Nov 79 p 2-5

/Text/ Following the announcement of a new public debt profile designed to formalize a bill calling for refinancing part of that debt and to determine the need for new credits to finance five basic investment programs, Budget Director Enrique Maiz reported that since the overall public debt (excluding petroleum) is expected to increase by 35 billion bolivars, studies are also being prepared on ways for reducing that amount as much as possible.

In this respect, Director Maiz said that a new public debt profile is being prepared to determine, first, the amount of short term obligations--which are estimated at slightly more than 20 billion bolivars--so that a bill authorizing refinancing, once Congress studies and approves it, can be enacted. Second, a new profile is being prepared to determine the amount of funds needed to reenforce programs such as the Caracas Metro, the Inos aqueduct, EDELCA's /Caroni Power Company, CA/ Guri project, the housing project (INAVI) /National Housing Institute/ and the Corpozulia project (coal and steel). To complete funding for these programs, the government is considering preparing authorization requests that will be submitted to Congress. The requests would allow the government to obtain the necessary foreign credits. No figures are yet available on the amount because Maiz' office is still preparing preliminary estimates. In addition, a sum will not be released until the first financing bill for those first five projects is analyzed and, hopefully, approved by the Council of Ministers. Maiz believes that the special funding bill for the five mentioned projects will be ready by Thursday of this week in time for the Council of Ministers special session.

Maiz then referred to the public debt. He told reporters that when he spoke of the public debt he was referring to the expenditures of all government agencies (ministries, institutes, state companies excluding the oil companies). He said that the overall public debt for this year has been estimated at nearly 132 billion bolivars and at 167 billion bolivars for 1980. This represents an increase of 35 billion bolivars.

However, the top level official said that the overall public debt could be reduced depending on the demands imposed by the forces operating in the economy and the situation in the country. These are matters which the government is studying in its efforts to keep the 1980 Budget in line with reality, adapt it fully to demands for development and actual revenues available to the government.

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VENEZUELA

BCV SETS MONETARY LIQUIDITY AT 91 BILLION BOLIVARS

Caracas EL UNIVERSAL in Spanish 13 Nov 79 p 2-2

[Article by C.R. Chavez: "Liquid Assets Total 91 Billion Bolivars"]

[Text] The Central Bank of Venezuela [BCV] yesterday reported that overall liquid assets totaled slightly over 91 billion bolivars of which money capital accounted for 75.3 billion bolivars and national mortgage bank bonds and unsecured bonds in circulation accounted for 16.08 billion bolivars. The Central Bank also reported on deposits and loans held by commercial institutions, the level of government revenues, the price index and other aspects of the nation's economic, financial and monetary situation.

"During September," the BCV report states, "according to available preliminary figures, liquid assets grew at a rate of 1.7 percent (1.24 billion bolivars) and rose from 74.14 billion bolivars in August to 75.38 billion bolivars at the end of September." While the rate of expansion of the money supply during this month was similar to that of September 1978 (1.4 percent), it represents an improvement in the rate of expansion following a decline of 0.9 percent during the preceding month. Growth of the medium of exchange in the private sector during September reflects similar growth by its various components. Thus we can see that the medium of exchange rose 2.4 percent, reflecting partial recovery from the 2.8 percent decline of the preceding month, while quasimoney showed a more moderate rate of growth of 1 percent as opposed to the 1.4 percent growth during August. The growth of the money supply was primarily due to the growth of demand deposits (848 million bolivars) which at the end of September exceeded the August figure (29.3 million bolivars). This represents an increase of 2.9 percent as opposed to the 4.2 percent decrease of the previous month. For its part, cash registered a more moderate growth of 0.6 percent, down from 1.6 percent in August.

Commercial Banks

At the end of August overall assets for commercial banks totaled 84.97 billion bolivars as opposed to 75.36 billion for August 1978. Total August

deposits were 59.71 billion bolivars. Of these 48.3 billion are in private sector accounts and most of the remainder are in government and other official agencies accounts.

At the end of August, total loans and investments were 60.6 billion bolivars. Of these, 51.5 billion were in the form of commercial bank loans, discounts and current accounts. The business sector headed the August list of commercial bank debtors with 13.56 billion bolivars in loans and discounts.

Mortgage banking showed total assets of 20.57 billion bolivars compared to 18.03 billion bolivars in August 1978. Investments and loans for this group totaled 19.09 billion bolivars at the end of August.

The National Savings and Loans System [SNAP] closed at the end of August with total assets of 12.23 billion bolivars and loans and investments totaling 10.78 billion bolivars. On the liabilities side, at the end of August savings deposits totaled 7.33 billion bolivars.

Consolidated overall assets for finance companies totaled 16.27 billion bolivars in August while loans and investments totaled 13.98 billion bolivars, fixed term deposits 5.2 billion, financial bonds in circulation 2.37 billion and unsecured bonds in circulation 941 million bolivars.

Foreign Exchange Activities

The Central Bank reports that between January and September it received \$11.2 billion of which petroleum revenues accounted for \$6.15 billion (\$1.1 billion more than the 1978 figure for the same period). Total expenditures during this period were \$11.95 billion and can be broken down as follows: public sector, \$1.56 billion (303 million less than 1978); banking, 8.48 billion (614 million less than 1978); Venezuelan Investment Fund, \$154 million (646 less than 1978) and others, \$820 million (668 million over the 1978 figure). This creates a deficit of \$709 million. As a result, international reserves totaled \$5.85 billion. This figure is higher than the August 1979 figure (\$5.58 billion) because September foreign exchange receipts totaled \$1.53 billion while overall expenditures were \$1.28 billion. Thus September showed a surplus of \$258 million.

Fiscal Situation

During the first 9 months of this fiscal year, revenues totaled 34.96 billion bolivars, a decline of 3.19 billion from 38.16 billion during the same period in 1978. However, it should be noted that while during the same period (1978) ordinary revenues totaled 30.16 billion bolivars, this year (January-September) the total was 33.19 billion bolivars which represents an increase of 3 billion bolivars. There is no question that petroleum revenues are a major factor. Oil revenues

for the January-September 1979 period totaled 22.74 billion bolivars compared to 18.81 billion bolivars for the same period in 1978. The figures show that thus far this year oil revenues have increased 3.92 billion bolivars.

According to the Central Bank, expenditures totaled 36.37 billion bolivars during the January-September 1979 period. Of these, current expenditures account for 34.09 billion bolivars and public debt payments accounted for 2.27 billion bolivars. During the October-December 1979 period, the government will be required to pay debts totaling 1.05 billion bolivars.

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VENEZUELA

EDITORIAL CRITICIZES BCV MONETARY POLICY

Caracas EL UNIVERSAL in Spanish 27 Nov 79 p 1

/Editorial by Amadis: "?"

/Text When the Central Bank of Venezuela /BCV says that "as of 31 October 1979 commercial banks hold official or government deposits of 11 billion bolivars," it would seem to be saying that the shortage of liquid assets reported by commercial banks does not exist. It would make it appear that the latter's refusal to grant loans is unjustified.

In discharging commercial banks from the responsibility that apparently is being placed on them, it would be well to explain that while it is true that as of that date official government deposits of 10.99 billion bolivars were being held by commercial banks, it is also true that 47.4 percent of that money, or 5.21 billion bolivars, was deposited in two government banks, 2.73 billion in the Industrial Bank of Venezuela and 2.48 billion in the National Discount Bank. Only the remainder, 5.67 billion bolivars, was distributed among 29 private banking institutions.

It is also worth mentioning that official deposits in private commercial banks are not held for a specific length of time which would enable the banks to make loans. Instead, the money is held in demand deposits and can be withdrawn suddenly leaving the banks exposed and subject to intervention by the Superintendent of Banks and nationalization as has been the case with other private banks.

This action would lead to gradual nationalization of the banks since experience shows us that when a banking institution is intervened it is also nationalized and never returned to the private sector.

For this reason, commercial banks are careful not to use that money which in banking language is known as "hot money."

The Central Bank's mistaken policy, which we will continue to study, is causing a serious economic situation in the nation: inflation coupled with recession.

The cause appears to be a board of directors that was appointed by the previous administration shortly before it left office and is pursuing the mistaken policies of that period which drove us into the difficult economic situation we are in now.

The commercial banks tight money situation hinders production development in all areas. More serious still is the threat of bankruptcy for many companies that cannot obtain the necessary capital.

The wage increase law, which will go into effect soon, will have two dangerous results: (1) It will increase the cost of production and (2) it will increase the demand for goods.

Both factors will fuel inflation. If we introduce a third factor, a decline in production which leads to speculation, the outcome could be explosive.

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